

# Current History

A WORLD AFFAIRS MONTHLY

SEPTEMBER, 1971

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# Current History

FOUNDED IN 1914

SEPTEMBER, 1971  
VOLUME 61 NUMBER 361

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# Current History

SEPTEMBER, 1971

VOL. 61, NO. 361

*How can we evaluate China's changing diplomacy? How stable is the Chinese People's Republic? In this issue, eight articles explore the current situation in mainland China. As our introductory article warns: "The period of greatest danger in Sino-American relations . . . probably still lies ahead. . . . The confrontation of anti-imperialist China and the anti-Communist United States continues, with all its attendant dangers."*

## China and the United States: Beyond Ping-Pong

BY O. EDMUND CLUBB

*U.S. Foreign Service Officer (Retired)*

WHEN PEKING ADMITTED an American ping-pong team through the tight portals of the Flowery Kingdom in 1971, there was an outburst of euphoric anticipation in the United States that Sino-American relations were going to take a sudden turn for the better. After all, Chairman Mao Tse-tung, in his earlier interview with author Edgar Snow, had said that if the U.S.S.R. wouldn't do (Snow interpreted this as meaning to "point the finger"), then he would place high hopes on the American people.<sup>1</sup> And Premier Chou En-lai, speaking to the members of the ping-pong team, professed to view the occasion as the beginning of a new page in the relations between the Chinese and American peoples. The development was reported to have given the Nixon administration "immense satisfaction";<sup>2</sup> and Secretary of State William P. Rogers expressed the hope that there would

be the opening of a new chapter, not just a new page, in the relations between the United States and China. The administration, which had already removed the last restrictions on the travel of American citizens to China, on June 10 published a listing of 47 categories of goods cleared for export to China—with the exclusion, however, of such items as heavy trucks, locomotives, high grade computers and commercial aircraft. Then, on July 15, came President Nixon's dramatic announcement that, sometime before May, 1972, he would make "a journey for peace" to Peking for a meeting at which he and the Chinese leaders would "seek the normalization of relations between the two countries" and "exchange views on questions of concern to the two sides."

In the light of the record of two decades of hostility between the two countries, these developments had unusual significance. But was reconciliation between the two hostile powers really to come as easily as it seemed?

The central committee of the Chinese

<sup>1</sup> Edgar Snow, "A Conversation with Mao Tse-tung," *Life*, April 30, 1971, pp. 46-48.  
<sup>2</sup> Terence Smith, *The New York Times*, April 1971.

Communist party (C.C.P.), meeting in plenary session at the end of August and the beginning of September, 1970, effectively confirmed China's radical shift away from the furies of the Great Proletarian Cultural Revolution era in foreign affairs to the geniality of a resuscitated Bandung policy. The session's final communiqué proclaimed that, "In its efforts to coexist peacefully with countries having different social systems, on the basis of maintenance of the five [Bandung] principles and in order to combat imperialism's policy of war and aggression, our country gains victory after victory."<sup>3</sup> Two months later, Peking's supporters won a notable 51-to-49 vote victory on the Chinese representation issue in the United Nations (rendered fruitless, of course, by the application of the two-thirds-vote requirement).

In the United Nations debate on the issue, United States Deputy Permanent Representative Christopher H. Phillips attracted attention by stating that "the United States is as interested as any in this room to see the People's Republic of China play a constructive role among the family of nations," but he labeled as "unwise and unfair" the expulsion of a member (Nationalist China) that had faithfully observed the Charter.<sup>4</sup> A significant feature of the United Nations vote was an increase by four in the number of abstentions, to a total of twenty-five; some votes were manifestly en route to China's side. It was notable also that the United States suffered the loss of several votes for its "important matter" resolution making a two-thirds vote requisite for changing the China representation, and that several delegations served notice that they would support the resolution no longer if it turned out to be, in the words of the Canadian delegate, simply a means of frustrating the will of the majority. With the handwriting on the wall so easily read, the Washington administration stated that it proposed to study "this new situation." It would

do so "in consultation with our friends and allies."<sup>5</sup>

In October, 1970, China and Canada had agreed to exchange ambassadors. Peking built on this and on its United Nations success to establish diplomatic relations, between November, 1970, and June, 1971, with no more countries. Whereas Washington had been talking magnanimously about its desire to end China's "angry" isolation, it began to appear that the shoe might well prove to come on the other foot.

In his State of the World message of February 25, 1971, the President seemingly took note of the weakening American position when he said that the United States deeply desired to see China play a "constructive role in the community of nations. But he asserted that "we will continue to honor our treaty commitments to the security of our Asian allies"—and in that connection he mentioned the United States' 1954 treaty with the Nationalists, saying that "I do not believe that this honorable and peaceful association now constitute an obstacle to the movement toward normal relations between the United States and the People's Republic of China. He also asserted that the United States could not accept "the notion that Communist China must exercise hegemony over Asia." He developed the general theme further in his message of March 4, when he said that the United States would be governed in its attitude toward China by China's attitude toward the United States; "but under no circumstances will we proceed with a process of normalizing relations with Communist China at the cost of that policy is to expel Taiwan from the family of nations." In a newspaper interview a week later, he professed a desire to open the door of cooperation to Peking on the order that "there will be a chance of building a world that is relatively peaceful"; but also reiterated the official United States thesis that the United States was a Pacific power, and said that "the mantle of leadership" had fallen on United States shoulders and that "There will be 400 million people in non-Communist Asia relying ever more upon us."<sup>6</sup>

<sup>3</sup> Alain Bouc, *Le Monde*, September 11, 1970.

<sup>4</sup> Henry Tanner, *The New York Times*, November 13, 1970.

<sup>5</sup> Henry Tanner, *ibid.*, November 21, 1970.

<sup>6</sup> C. L. Sulzberger, *ibid.*, March 10, 1971.



The American sense of manifest destiny was obviously still present. While events had forced a reappraisal of tactics upon the United States government, there was no evidence that it had changed its strategic objectives in Asia. A journalistic assessment of the administration's motivations reported that the President was said to feel that the success of the "Nixon Doctrine" of emphasizing Asian self-reliance depended largely on at least tacit Chinese cooperation; further, a working relationship with Peking would give the President another lever in dealing with the Soviet Union.<sup>7</sup>

The chances of getting Peking's "cooperation" to that end were actually less than they had been a year earlier. Even as United States extension of the war in Cambodia in April, 1970, seemingly led Peking to make a fundamental reappraisal of its strategic priorities,<sup>8</sup> so the incursion of the South Vietnamese forces into Laos with United States support in February, 1971, brought a strong reaction from the Chinese leadership. On February 12, the Peking government published a statement declaring that "the aggression of American imperialism against Laos constitutes also a grave threat to China."<sup>9</sup> A short time later, through its official news agency, Peking issued a warning to Washington:

If Nixon dares to attack the People's Republic of China today in the context of the expansion of the war into Laos, American imperialism will suffer the greatest defeat which it has ever experienced at the hands of the seven hundred million workers and peasants of China.<sup>10</sup>

As matters turned out, the South Vietnamese troops met disaster in Laos; the United States refrained from sending its own ground forces into the fray; and no direct threat to China developed. But by adding an invasion

of Laos to the incursion into Cambodia the United States had in effect confirmed the fact that its strategic aim with respect to Asia in general, and to China in particular, remained unchanged. The Pentagon Papers made public by *The New York Times* supplied evidence in support of the public statements of leading officials in the Kennedy administration that the United States was opposing China in Southeast Asia. Assistant Secretary of Defense John McNaughton was quoted as stating at the beginning of 1965, with Secretary of Defense Robert McNamara agreeing, that the United States objective in South Vietnam was "not to 'help friend' but to contain China."

President Nixon's projected visit to Peking does not change the fundamentals of this situation. All logic suggests that Washington hopes to win concessions from the Chinese side with respect to both Taiwan and the Indochina war. But when the President asserted, in his July 15 announcement, that the search for a new relationship with China would not be at the expense of "our old friends," he confirmed once more that existing ties with Taipei and Saigon would be maintained. By the evidence, the administration remains bound to the strategy and goals laid down previously. The Chinese saying describes the situation: "to change the broth, but not the medicine." The President thus approaches the bargaining table with much to ask but little to offer.

It is important to deal at this point with the matter of Peking's view of Sino-American relations—what they are, what they might promise, and what they could threaten. In November of 1970, hailing the establishment of diplomatic relations with Italy, the Peking *People's Daily* stated that:

We are ready to discuss with any foreign government the establishment of diplomatic relations on the basis of the principles of equality, mutual interest, mutual respect for territorial integrity and for sovereignty, on the condition that that government severs its relations with the Chinese reactionaries [the Nationalists], ceasing conspiring with them or lending them assistance, and adopts an attitude of real and not hypothetical friendship in regard to the People's China.<sup>12</sup>

<sup>7</sup> Terence Smith, *ibid.*, April 18, 1971.

<sup>8</sup> See O. Edmund Clubb, "China and the United States: Collision Course?" *Current History*, September, 1970, pp. 153–58ff., for this estimate in expanded form.

<sup>9</sup> *Le Monde*, February 15, 1971.

<sup>10</sup> *Le Monde*, February 23, 1971; see also in this connection "Renmin Ribao," Commentator, "Don't Lose Your Head, Nixon," *Peking Review*, February 26, 1971, p. 6.

<sup>11</sup> *New York Times*, June 15, 1971.

<sup>12</sup> *Le Monde*, November 10, 1970.

The qualification is especially critical for Sino-American relations.

There are those who assume that China thirsts for American trade, and that there is the potentiality for the development of a substantial commerce in the visible future. In the first flush of optimism following the ping-pong game, "trade specialists" in Washington were quoted as holding that Sino-American trade could reach a level of several hundred million dollars annually over the next decade.<sup>13</sup> Hard facts warn against facile assumptions in that regard. China has shown that, in critical matters, she allots her scarce foreign-exchange resources with due deference to political considerations. If the United States were to offer goods or services (or credits) that China could not obtain elsewhere, Peking might be prepared to relax its political principles; but, as evidenced by the administration's trade listing, such is not the case. And Chinese textiles would undoubtedly get no warmer welcome in the United States than those originating in Japan, South Korea, Taiwan and Hong Kong. It is to be taken as axiomatic that the desire for trade is not at present an exigent factor in Peking's approach to Sino-American relations.

With respect to "imperialism," Peking is committed to the waging of "protracted war." And China's revolutionary front opposed to American "imperialism" in Asia has considerably expanded since the establishment, with Chinese support, of a united front of the Indochinese revolutionary forces in April, 1970. In an extension of that combine, Peking entered upon a closer working relationship with North Korea (which now feels herself, as does China, menaced by a renascent Japan). In an important sense, the Indochina war, North Korea's cause and the Taiwan issue thus all became linked by mid-1970.<sup>14</sup>

A banquet was held in Peking in late March, 1971, in celebration of the "strategic

victory" won by the revolutionaries in Laos over the invaders from South Vietnam, and the governing theme for the evening was the "anti-imperialist solidarity of the Vietnamese, Lao, Cambodian, Korean and Chinese peoples." North Vietnamese Workers' Party Secretary Le Duan, addressing the gathering, said that it was necessary to expel the Americans entirely from the Indochina Peninsula, and he went on to express his conviction that the Chinese province of Taiwan would be "liberated" and that "the Korean people will victoriously achieve reunification of the fatherland."<sup>15</sup>

### STRATEGY AND TACTICS

The question of strategy and tactics remains open. China patently is not in a position to launch a frontal military assault against the United States, nor does she seek to do so. Temporary, tactical accommodation is permitted by the Maoist theory. The question then becomes: given conditions in which an economically and militarily weak China is found at a disadvantage in hard power terms, how much of an accommodation between China and the United States is to be expected? There is another, related question: might a process of rapprochement, once begun, build up a momentum of its own and lead finally to Sino-American reconciliation?

As a tactical first step, Peking did not choose a direct approach to Washington, not even a step via the attenuated contact offered by the ambassadorial meetings at Warsaw. Instead, the Chinese have resorted to the "people-to-people" diplomacy employed in the 1950's, when China was in a much weaker position than it is today. United States President Richard Nixon and his Secretary of State have been talking about relations between states; but Premier Chou En-lai, in speaking to the ping-pong team, and Mac Tse-tung, in his earlier conversation with Edgar Snow, referred to relations between the two peoples. At a dinner with several visiting American journalists in late June, 1971, Chou candidly revealed a part of Peking's purpose by saying that he believed that American visitors could help mobilize their fellow countrymen to effect the withdrawa-

<sup>13</sup> Terence Smith, *The New York Times*, April 15, 1971.

<sup>14</sup> See in this general connection Robert Guillain, "Pékin s'efforce de rassembler contre le Japon les forces révolutionnaires d'Extrême Orient," *Le Monde*, July 7, 1970.

<sup>15</sup> *Le Monde*, March 28-29, 1971.

of United States forces from Taiwan and Indochina.<sup>16</sup>

If the tactical aim of such moves is to influence public opinion in the opposition camp, the larger pattern is discovered if one weighs the strategic purposes with respect to critical issues in the Sino-American relationship. The area of contest ("struggle," in the Maoist lexicon) between "socialist" China and the "imperialist" United States is broad; the forces operative are complex and are not limited to those of the two countries alone. The Asian scene is currently in a state of major flux, particularly with respect to American power. The United States proposes to reduce its armed forces in South Korea and Japan, to return Okinawa to Japanese sovereignty, and to bring the war in Indochina to a satisfactory (victorious) conclusion, all in line with the general concept that it will continue to act the role of a Pacific power. For the latter purpose, by a strategic corollary, it must maintain in being a "credible" threat against China; and credibility, in circumstances where United States ground forces are to be reduced, requires reliance upon air and nuclear power.

### SPECIFIC ISSUES

Of the specific issues dividing the two countries, the United Nations representation question is the most immediate. Peking has consistently taken the position that it must be accorded all the rights, responsibilities and privileges appertaining to the legal entity "China" in the United Nations, to the absolute exclusion of the Taiwan Nationalists; otherwise, it will not participate. Chou En-lai made the position categorical, once more, on June 30, 1971. There is no reason whatsoever to assume that he did not mean what he said.

Secretary of State William Rogers' statement of August 2, 1971, that the United States would support the seating of Peking's delegation to the United Nations while

opposing the ousting of Taipei's representation thus comes approximately one decade too late. Whereas in fact Washington has deemed no two-Chinas theory worthy of its attention in the years that have elapsed since substantive debate of the representation issue began in 1961, it will be hard put now to find sponsors among its "friends and allies" for a two-Chinas resolution, to say nothing of overcoming Taipei's adamant opposition to the proposition.

As a matter of fact, it has been reported that Washington's sounding out of various "uncommitted" capitals has met the general reaction that "a two-China approach would keep China out and we feel that it should be in as soon as possible."<sup>17</sup> Washington has clung so long to the ultimately untenable position that the Taiwan regime is the true and only representative of "China" that it has now been overtaken by events. On the evidence of the Rogers' statement of August 2 its last small hope now is to rally support for a procedural move opposing the expulsion of Taiwan as an important matter requiring a two-thirds majority.

### THE SINO-AMERICAN-JAPANESE TRIANGLE

Sino-Soviet and Sino-Japanese relations, of prime importance for any consideration of the Sino-American relationship, cannot be treated in this article.<sup>18</sup> Be it remarked briefly here, for essential background, that the Sino-American-Japanese triangle has in it great potential stresses for the visible future, since projected developments in the American-Japanese relationship have a direct bearing on China's prime interests. United States policy is directly related to the reversion of Okinawa and to Japan's program for accelerated rearmament, both of which are scheduled to take effect in 1972. These matters are of major concern to Peking, especially as they may bear on the future of Taiwan.

For the American ties with the Nationalist faction are the most refractory *direct* issue outstanding between the United States and China. At a dinner in Peking in June, Chou En-lai characterized the United States security screen around Taiwan as a key obstacle to

<sup>16</sup> Seymour Topping, *The New York Times*, June 17, 1971; see also Topping, *ibid.*, June 28, 1971.

<sup>17</sup> Henry Tanner, *ibid.*, May 30, 1971; see also Tanner, *ibid.*, May 6, 1971, and Tad Szulc, *ibid.*, May 11, 1971, on the administration's dilemma.

<sup>18</sup> See *Current History's* issue on Japan, April, 1971, and the article by Harold Hinton in this issue.

the establishment of diplomatic relations between the two countries. Peking can be expected to maintain its position that the United States should sign a joint declaration in support of the Five (Bandung) Principles (which include, notably, one providing for peaceful coexistence), should withdraw its armed forces from Taiwan and from Formosa Strait, and should permit the "Taiwan Question" to be resolved as a Chinese domestic issue<sup>19</sup> (with the United States bound by those same principles not to interfere in the internal affairs of China).

There is consequently little chance of early progress in that particular area of conflict. The United States protective aegis was extended over Taiwan and the Pescadores "and areas related to their defense" (the offshore islands) by the combined authority of the treaty of December 2, 1954, and the "Formosa Resolution" of January, 1955. There is little likelihood that 1) a Republican administration would willingly renounce the authority sought and won by the Eisenhower administration in the first instance, or that 2) the Nationalists would voluntarily free the United States from its "commitments." Chou En-lai on May 9 informed a group of visiting Arab journalists that China stood ready to negotiate with the United States regarding the American "occupation" of Taiwan and the Strait.<sup>20</sup> But Washington patently has no taste for the Chou formula.

Planned military redeployments further complicate the matter. One of the points at issue in the administration's reappraisal of its China policy early in 1971 was reported to have been the proposal of those favoring a new policy that all United States troops (under 10,000 men) should be withdrawn from Taiwan and that reliance for fulfillment of treaty commitments in the area should be on missile-carrying nuclear submarines. But from the viewpoint of some of the men charged with fashioning our Asia strategy,

the proposed reversion of Okinawa will automatically increase the importance of both South Korea and Taiwan. And the report in fact recorded that "The suggestion is being vigorously opposed by Pentagon officials who view Taiwan as an ideal 'fallback' position after the withdrawal of United States forces from Indochina and the reversion of Okinawa to Japan in 1972."<sup>21</sup> It is quite clear that neither South Korea nor Taiwan could be so used in the event of the alienation of Seoul or Taipei from United States policies. If Washington is not prepared to suffer the fall of Nguyen Van Thieu in Saigon, it is hardly likely to back out of its related commitments to Seoul—or to Taipei. With or without a presidential visit, there is no hope of early settlement of the thorny Taiwan issue.

Of even greater importance in the longer range is the issue of the United States strategy of "containment," especially as manifested in Southeast Asia. Our Indochina war is professedly being wound down, with withdrawal of ground forces and reduction of military expenditures actually in course. There are, however, substantial reasons to reserve approval of the official program pending the final termination of the United States involvement. Secretary of Defense Melvin R. Laird, in an April, 1971, news conference, stated that United States air and naval power would be needed to bolster allied Asian forces during the decade ahead, that the United States would maintain naval and air forces in Southeast Asia after the withdrawal of

(Continued on page 180)

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<sup>19</sup> See Chou En-lai to Edgar Snow, as reported in *Epoca*, per *Le Monde*, December 12, 1970.

<sup>20</sup> *Le Monde*, May 12, 1971.

<sup>21</sup> Terence Smith, *The New York Times*, March 10, 1971.



"... it seems reasonable to expect further piecemeal improvements of diplomatic relations [between China and the Soviet Union], probably not including a full-fledged border agreement. After Mao's death ... a border agreement and a deescalation of the party-ideological dispute may be possible."

## Sino-Soviet Relations in the Brezhnev Era

BY HAROLD C. HINTON

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SINCE NIKITA KHRUSHCHEV'S FALL in October, 1964,<sup>1</sup> the Sino-Soviet relationship remains essentially a product of the differing ways in which each of the two sides perceives and acts on its ideological and national interests.<sup>2</sup>

One of the first major steps taken by the Soviet leadership after the removal of Soviet Premier Khrushchev was to offer the Chinese an accommodation that would have meant setting the admittedly insoluble party and ideological disputes indefinitely to one side and concentrating on improving relations in the diplomatic field. Presumably it was hoped that the party-ideological aspect of the dispute would eventually be resolved after the death of Chinese Communist Party Chairman Mao Tse-tung. For at least four reasons, the Soviet offer was rejected.

<sup>1</sup> The standard works on Sino-Soviet relations during the Khrushchev period are Donald S. Zagoria, *The Sino-Soviet Conflict, 1956-1961* (Princeton: Princeton University Press, 1962); William Griffith, *The Sino-Soviet Rift* (Cambridge: M.I.T. Press, 1964); William E. Griffith, *Sino-Soviet Relations, 1964-1965* (Cambridge: M.I.T. Press, 1967). For interesting accounts by Chou En-lai of the Sino-Soviet dispute, see his interviews with Audrey Topping (*The New York Times*, May 1, 1971) and a group of Arab journalists (Beirut: *al-Nahar*, May 29, 1971).

<sup>2</sup> The important Chinese polemics of 1963-1964 against Khrushchev, as well as two of the major Soviet statements, can be found in *Polemic on the General Line of the International Communist Movement* (Peking: Foreign Language Press, 1965).

In the first place, Mao had become politically and psychologically addicted to the campaign against Soviet "revisionism" that he had been mounting since about 1960, and in February, 1965, when Aleksei Kosygin brought the offer of an accommodation to Peking, Mao reportedly declared that he was prepared to see the ideological dispute go on for ten thousand years. He believed, or claimed to believe, that the new Soviet leadership was fully as "revisionist" as Khrushchev's, and that Soviet "revisionism" was the inspiration of an allegedly similar trend among some of his colleagues and countrymen, a trend against which he had been struggling for at least three years.

### A NEW CONFERENCE

Second, out of concern to restore the leading position of the Soviet party in the international Communist movement, the post-Khrushchev leadership revived his plan for another general conference of Communist parties like the one held at Moscow in November-December, 1960. Whether or not the Soviet leadership intended to apply pressure to the Chinese, the idea was totally unacceptable to Mao for a variety of reasons and was therefore unacceptable to those parties (mainly Asian) committed at that time to the Chinese side in the Sino-Soviet dispute. The opening of a preparatory conference in

Moscow on March 5, 1965, enraged Peking and further diminished the chances for a Sino-Soviet accommodation.

Third, in 1963–1964, for a number of political and psychological reasons, Mao had publicly raised the issue of the vast seizures by czarist Russia in the nineteenth century of territory belonging in some fashion to the Manchu empire as well as the transformation of the Mongolian People's Republic (Outer Mongolia) into a Soviet satellite after 1921. He seemed to imply that Moscow might have to retrocede at least some of this territory. Unlike the ideological quarrel, this issue was obviously capable of provoking a Sino-Soviet war and was therefore of the utmost seriousness.<sup>3</sup> The post-Khrushchev Soviet offer of an accommodation was clearly conditioned, implicitly at least, on a drastic modification by Mao of his position on the territorial question. But he made no such modification, and the issue continued to fester, especially after the escalation of the war in Vietnam raised the military stakes in the entire region and after the Soviet Union ostentatiously renewed its alliance with the Mongolian People's Republic in January, 1966, and proceeded to strengthen its military presence in that strategically crucial country.

Fourth, rather than uniting Moscow and Peking in a common sense of threat and a common effort, the escalation in Vietnam tended on the whole to drive them still further apart. It immediately touched off a

major strategic debate in Peking. There, the ultimately victorious faction led by Mao Tse-tung and Defense Minister Lin Piao wanted to reject the Soviet demand for "united action" (along lines implicitly to be determined in Moscow) on behalf of Hanoi. Another faction, whose most striking spokesman was Chief of Staff Lo Jui-ch'ing (purged early in 1966), appeared to favor a greater degree of Sino-Soviet cooperation over Vietnam, if only to ensure Soviet aid and support for China in case the war should spread northward from Vietnam.<sup>4</sup>

As a kind of compromise, the Chinese government agreed in April, 1965, to cooperate in the transshipment by rail of Soviet military equipment bound for North Vietnam but it refused a further Soviet request for air transit rights across China to North Vietnam.<sup>5</sup> Moscow soon began to charge that even the rail transit agreement was being violated by the Chinese. In November, 1965, Peking made public and definitive its rejection in principle of the Soviet demand for "united action" over Vietnam.<sup>6</sup> There was general distrust and dislike of the Soviet Union. And at the time Mao was trying to launch the Cultural Revolution against "revisionism" at home—hardly an appropriate time in his eyes for collaborating with revisionism abroad.<sup>7</sup>

## CULTURAL REVOLUTION AND SINO-SOVIET RELATIONS

One of the issues debated in Peking on the eve of the Cultural Revolution in the spring of 1966 was whether to send a delegation as usual to the Soviet party's twenty-third congress, to be held in late March. Maoist sources later actually accused Liu Shao-ch'i of having favored such action, in addition to numerous allegedly anti-Maoist activities for which he was made the leading scapegoat of the Cultural Revolution. Earlier in March a high ranking delegation of the Japanese Communist party visited China and in effect tried to mediate the Sino-Soviet dispute; presumably one of its aims was to persuade Peking to send a delegation to the Soviet twenty-third congress. The mission was

<sup>3</sup> Cf. Dennis J. Doolin, *Territorial Claims in the Sino-Soviet Conflict: Documents and Analysis* (Stanford University: Hoover Institution Studies: 7, 1965).

<sup>4</sup> This point is disputed by some analysts. See, for example, Harry Harding and Melvin Gurtov, *The Purge of Lo Jui-ch'ing: The Politics of Chinese Strategic Planning*, The RAND Corporation, R-548-PR, February, 1971, pp. 48ff.

<sup>5</sup> Uri Ra'anan, "Peking's Foreign Policy 'Debate,' 1965–1966," in Tang Tsou, ed., *China's Policies in Asia and America's Alternatives* (Chicago: University of Chicago Press, 1968), pp. 23–71.

<sup>6</sup> "Refutation of the New Leaders of the CPSU on 'United Action,'" *People's Daily and Red Flag*, November 11, 1965 (excerpt in Griffith, *Sino-Soviet Relations, 1964–1965*, pp. 455–470).

<sup>7</sup> On the origins of the Cultural Revolution, see Philip Bridgham, "Mao's 'Cultural Revolution': Origin and Development," *China Quarterly*, no. 29 (January–March, 1967), pp. 1–35.

perpedoed by Mao's rigidity on the issue of Soviet "revisionism." When the Chinese party published its rejection of the Soviet invitation to the congress on March 22, while the Japanese delegation was still in Peking, it cited as one of its reasons the Soviet party's circulation a few weeks earlier of a "secret letter" to some other parties stating its case against Peking.<sup>8</sup>

In brief, and in the following rather disjointed order, the counts alleged in the Soviet indictment were: the rejection of "united action"; the obstruction (contrary to the agreement) of Soviet equipment bound for North Vietnam; bellicose statements by Chinese leaders; anti-Soviet Chinese behavior in connection with the abortive Algiers Afro-Asian Conference originally scheduled for June, 1965, and the Indo-Pakistani war of August–September, 1965; the setting up of anti-Soviet and pro-Chinese "fractions" (splinter parties) in approximately 30 countries; Mao's "cult of personality"; the light-hearted attitude occasionally expressed in Peking toward war (including nuclear war); the excessive emphasis in Chinese discussions of world revolution on revolutionary warfare and the developing countries as against the political influence of the "socialist camp" and the role of the international proletariat (i.e., the international Communist movement); the essentially negative Chinese attitude toward patriotic and revolutionary-democratic non-Communist political forces in other countries; and the rejection of Moscow's offer of an accommodation.<sup>9</sup> Being a party document, the "secret letter" did not mention the territorial issue, a diplomatic question.

The Cultural Revolution was probably the greatest single shock that Moscow has experi-

enced from Peking (except perhaps for the raising of the territorial issue), mainly because the Cultural Revolution was directed, at least in effect, against the sacred Leninist principle of rule by the Communist party apparatus. The erosion of this principle (in a way quite different from the Cultural Revolution) in Czechoslovakia two years later was to lead to Soviet invasion of that unfortunate country. In the case of China, a vastly tougher target than Czechoslovakia, Moscow apparently considered some sort of military intervention in the spring of 1966, as the Cultural Revolution was getting under way, and again at the end of that year, when the Chinese party apparatus in the provinces came under the headlong assault of the Red Guards. But Moscow held its hand, the decisive reason probably being the fact that no functioning anti-Maoist (let alone pro-Soviet) coalition emerged with which the Soviet Union could cooperate, and to go it alone was out of the question.<sup>10</sup>

The most immediately irritating aspect of Cultural Revolution from Moscow's point of view was a series of demonstrations in 1966–1967 along the Sino-Soviet border in both the Manchurian and the Central Asian sectors by Red Guards and presumably by Maoist military personnel. In some cases, at least according to Soviet accounts, crossings of the border in force were involved, although without serious combat. The main purpose of these performances was presumably to manifest contempt for and defiance of Soviet "revisionism." The Soviet political leadership and, more surprisingly, the Soviet military leadership, appear to have displayed considerable flexibility and self-restraint in coping with these provocations. But the effect can only have been to increase Sino-Soviet tension along the border.<sup>11</sup> On the Chinese side, the effect may have been to foster the dangerous illusion that the Soviet Union was a paper bear even when it came to safeguarding its own territory.

Since the Communist party apparatus was obviously the main loser in the Cultural Revolution, Moscow officially came to the conclusion that the victor was a chauvinist,

<sup>8</sup> The basic source on this episode is an important article in the Japanese Communist party organ *kahata* ("In Answer to the Red Guards' Unreasonable Denunciation," January 24, 1967).

<sup>9</sup> Text of "secret letter" in "Geheime Anklagebrief Moskaus gegen Peking," *Ost-Probleme*, vol. 1, no. 8 (April 22, 1966), pp. 228–237.

<sup>10</sup> Cf. Maury Lisann, "Moscow and the Chinese Power Struggle," *Problems of Communism*, vol. iii, no. 6 (November–December, 1969), pp. 32–

<sup>11</sup> Cf. Hugo Portisch in Vienna *Kurier*, June 14, 1967 (based on interviews with Soviet sources).

Maoist "military-bureaucratic" coalition. The fact that the army had emerged in fairly effective control of the provinces was rationalized on the oversimplified theory that the army was essentially Maoist.<sup>12</sup> That the Cultural Revolution had inflicted domestic wounds deep enough to preoccupy most of the attention of the victorious coalition, however composed, was more or less ignored in Soviet propaganda; the inference seemed to be that this Chinese leadership would be an increasingly serious threat as it came into a position to prosecute its territorial quarrel and its political dispute with the Soviet Union from the vantage point of military nuclear power.

### CZECHOSLOVAKIA AND THE USSUR

For most of 1968, however, Moscow's Chinese problem, although far from forgotten, was subordinated to its overriding concern with a collection of European problems centering on Czechoslovakia. The invasion of Czechoslovakia in August seems to have resulted from the ascendancy of a hawkish coalition in Moscow led by Leonid Brezhnev, who was afraid of the threat to party apparatus rule in Czechoslovakia. Elements of the Soviet military leadership and elements of the party apparatus merged. The military were apparently eager to test a plan for a military operation that fitted in with their planning for a possible limited war in Central Europe.<sup>13</sup> The point is worth noting in the present context, since a somewhat similar phenomenon apparently operated to the disadvantage of the Chinese several months later.

Peking was startled and disturbed by the invasion of Czechoslovakia. It had no sympathy with Czech "revisionism," but it foresaw Soviet threats to other East European countries, notably to Rumania, with which it was moderately friendly, and to Albania, its

closest political ally among the Communist states. When Albania rather rashly withdrew from the Warsaw Pact in September, 1966 (something that Czechoslovakia had never dreamed of doing); Peking promptly—and probably as a diversionary move—alleged that Soviet aircraft had been violating Manchurian airspace on numerous recent occasions. More urgently, Peking probably feared that the display of Soviet *machismo* at the expense of the Czechoslovaks and the subsequent enunciation of the Brezhnev Doctrine fore-shadowed a similar performance at its own expense. With one blow, the Soviet Union had gained psychological ascendancy in its bizarre contest with its Chinese adversary.

Apart from defensive Chinese toughness and the views of other Communist parties, however, there was at least one major external restraint on any possible Soviet effort to exploit its advantage actively. This was the fear, however far-fetched, of driving Peking "into the arms" of the United States. In the spring of 1966, official United States policy toward China had softened to a line often described as one of "containment without isolation." Peking and Washington had apparently reached a tacit understanding that neither would escalate the Vietnam war to the level of an attack on the other or on its forces. Moscow had thereafter shown signs of acute nervousness that a Sino-American detente might be in the making. Soviet nervousness was probably enhanced (and probably by design on Chou En-lai's part) when he extended an invitation to the United States in late November, 1968, to resume the suspended Sino-American ambassadorial talks at Warsaw on February 20, 1969.<sup>14</sup> For reasons best known to himself, however, Mao Tse-tung decided during the intervening weeks that talks with the United States were politically undesirable at that time, and the invitation was accordingly withdrawn on February 19, with no indication of Chinese interest in resuming the talks at some future time. It is most unlikely to be a total coincidence that Peking then began to come under intensified pressure from its Soviet adversary. Although Peking made a major contribution

<sup>12</sup> Cf. O. Lvov (pseud.), "The Political Maneuvers of the Mao Tse-tung Group," *Pravda*, January 11, 1969.

<sup>13</sup> Cf. Richard Lowenthal, "The Sparrow in the Cage," *Problems of Communism*, vol. xvii, no. 6 (November-December, 1968), pp. 2-28.

<sup>14</sup> Text released by New China News Agency, November 26, 1968.



the ensuing crisis, the strategic, even if not the tactical, initiative apparently lay with Moscow.<sup>15</sup>

The absence of Premier Kosygin from Moscow, apparently on account of illness, from mid-December, 1968, to early February, 1969, probably strengthened the influence of the same hawkish elements, led by Brezhnev, that had pushed the invasion of Czechoslovakia. These elements probably wanted to put pressure on China for several purposes, some of them only indirectly related to China but directly related to the attempt to strengthen Moscow's weakened position vis-à-vis the United States, the Third World, and the international Communist movement. The Middle East had been the principal area for the struggle in 1967; Czechoslovakia provided an area in 1968; in 1969, the struggle was to focus on China.

In the eyes of third parties, including much of the international Communist movement, attention might be distracted by pressure on China, none too popular on account of the Cultural Revolution. And the psychological advantage acquired over China through the invasion of Czechoslovakia and the proclamation of the Brezhnev Doctrine could be exploited. Since Moscow had been wildly charging that Peking and Bonn were in some sort of collusion, a case of sorts might be made that pressure on China was also in effect a blow at West German "revanchism." This would be an especially useful approach since Moscow had evidently decided, about the end of February, 1969, to disengage from a "mini-crisis" in West Berlin and to leave the East Germans to look after themselves; a crisis in the Far East would provide a convenient rationale and cover for the disengagement.

<sup>15</sup> For detailed analyses of the 1969 Sino-Soviet border crisis see Peter Berton, "Background to the Territorial Issue," *Studies in Comparative Communism*, vol. 2, nos. 3-4 (July/October, 1969), pp. 131-382 (includes documents); Thomas W. Robinson, *The Sino-Soviet Border Dispute: Background, Development, and the March 1969 Clashes*, The RAND Corporation, RM-6171-PR, August, 1970; Harold C. Hinton, "Conflict on the Ussuri: A Clash of Nationalisms," *Problems of Communism*, vol. xx, nos. 1-2 (January-April, 1971), pp. 45-59.

<sup>16</sup> See note 12.

<sup>17</sup> Paul Wohl in *Christian Science Monitor*, June 2, 1969.

Still more important, Moscow needed an issue over which to rally the Warsaw Pact states. The West German issue was a wasting asset. Yet since the NATO treaty was obviously going to be renewed in April, 1969, China might be exploited as the best available successor to West Germany as a tension point. For added effect, Moscow may have hoped to bring the Mongolian People's Republic into the Warsaw Pact. Soviet efforts to enhance its position within the Warsaw Pact, especially through pressure on China, would be resisted by some pact members, notably Rumania, but perhaps these objections could be overcome if the Chinese could be made to appear as the aggressors. By emphasizing its role as the best available military counterweight to China's alleged expansionist tendencies on the mainland of Asia, furthermore, Moscow could have hoped to increase its influence on India.

As for China, the dominant faction in Moscow probably hoped to induce political changes in China and perhaps to influence the proceedings of the forthcoming ninth party congress, whose probable outcome in the absence of such influence was regarded in Moscow with grave misgivings.<sup>16</sup> With these considerations in mind, at some time after the middle of February, 1969, Soviet forces intensified their patrolling along the far eastern sector of the Sino-Soviet frontier (i.e., along the Amur and Ussuri Rivers), and—on March 2 according to one source<sup>17</sup>—were authorized for the first time to fire on Chinese patrols found on territory claimed by the Soviet Union.

The Chinese were evidently concerned with this forward behavior, and wanted to strike a warning blow, such as had been struck by Chinese forces in North Korea in October, 1950, and at Indian troops along the Sino-Indian frontier in September, 1962. The alternative probably appeared to be further Soviet escalation, perhaps even to the level of an invasion à la Czechoslovakia. Beyond that, at least the more militant Maoists among the Chinese leaders may well have hoped to create an appropriate atmosphere for the ninth congress.

The most plausible reconstruction of the clash that took place on a disputed island (known as Chenpao to the Chinese, as Damansky to the Soviets) in the Ussuri River on March 2 is that the Chinese ambushed and inflicted heavy casualties on an outnumbered Soviet unit. Both sides exploited the incident vigorously for propaganda purposes, Moscow somewhat the more so. To get revenge, to create a politically more exploitable situation, and perhaps to preempt a second Chinese strike, the Soviet side managed virtually to annihilate a Chinese unit with greatly superior firepower on the same island on March 15. Two days later, at a Warsaw Pact meeting in Budapest, Brezhnev attempted with indifferent success to exploit the border crisis for political advantage. Clearly alarmed, Peking began to soften its own propaganda campaign.

### CRISIS AND NEGOTIATIONS

On March 21, however, Brezhnev's hawkish approach was moderated as Kosygin tried to telephone his opposite number, Chou En-lai, to discuss a settlement of the crisis. (It may be that the argument that Kosygin needed in order to gain the consent of a majority of his colleagues to the call was provided by a speech delivered the previous day by United States Senator Edward M. Kennedy, who had noted that Soviet pressures on Peking might be rendering the latter more receptive to American overtures.)

Sensing division in Moscow and preoccupied with the approaching ninth congress, Chou refused to talk to Kosygin except to tell him to communicate anything he had to say through diplomatic channels. The upshot was a series of statements exchanged between the two governments. These opened with a Soviet statement dated March 29 in which Moscow urged "consultations" on the border issues in the near future, with the threat of force as the implied sanction. Chou, partly no doubt on account of Maoist pressures at home, evaded a definite agreement for "consultations." Following a line already enunciated by Lin Piao at the ninth congress, he declared that Moscow must recognize in principle the "unequal" character of the nine-

teenth century boundary treaties. If it did so, Peking would refrain from making a serious demand for the return of any of the seized territory except for certain relatively small areas in the Far East and Central Asia allegedly held by the Soviet Union in excess of what had been granted by the "unequal" treaties.

Dissatisfied with this stand, Moscow (on June 13) gave Peking three months to agree to "consultations," and accelerated the already impressive buildup of its conventional and strategic forces in the border region, including the Mongolian People's Republic. Throughout the summer, through border incidents and threats implying a possible invasion and/or a possible "surgical strike" at China's nuclear installations, the Soviet Union held the initiative. The Chinese elite and Chinese public opinion remained in a state of acute apprehension manifesting itself in intensive preparations to fight a "people's war." The United States was concerned, although not enough to involve itself, and a number of Communist parties were seriously disturbed. Foremost among these were the North Vietnamese, who were trying to avoid the unambiguous commitment to one side or the other that a Sino-Soviet war would force on them, and who would be seriously disadvantaged by the closure of the land route for Soviet equipment that such a war would presumably entail. Accordingly, Hanoi took advantage of Ho Chi Minh's funeral in early September to urge the two adversaries to negotiate.

As a result, Kosygin was invited to visit Peking on his way home, on September 11, for talks with Chou En-lai. Kosygin proposed formal talks on the border situation, normalization of relations in the diplomatic sphere in other respects, and a postponement of the party's ideological dispute. Even on the most pressing issue, the demand for border talks Peking delayed giving consent until after a further threatening Soviet statement was published on September 16. Finally, on October 7, Peking was able to announce that agreement had just been reached to hold negotiations (not merely "consultations") on the

border issue in Peking in the near future at the deputy foreign minister level.

The talks began on October 20 but soon bogged down over Soviet unwillingness to accept Peking's demand for an immediate cease-fire and mutual troop withdrawal and for incorporation in a final settlement of a Soviet admission that in principle the original treaties were "unequal." Nevertheless, there seem to have been no further major clashes along the border, although the Soviet buildup has continued at a somewhat reduced rate. Since early 1970, it appears that the two sides have begun to talk about specific local territorial disagreements.

### PEKING'S DIPLOMATIC MANEUVERS

In mid-December, 1969, when it appeared that Moscow might be about to break off the border talks, Peking proposed a resumption of the Sino-American ambassadorial talks, two sessions of which were actually held (on January 20 and February 20, 1970). Peking cancelled another session, scheduled for May 20, because of the Cambodian crisis, and has not resumed the talks since then. The effect on Taiwan of President Richard Nixon's projected visit to Peking remains to be seen. The Taiwan issue, however, will be a real obstacle in the path of Sino-American negotiations.

"Ping-pong diplomacy" is only one aspect of a skillful and effective program of normalization of Peking's external relations that was launched by Chou En-lai almost immediately after the end of the ninth congress, in late April, 1969. Ambassadors (withdrawn during the Cultural Revolution) have been sent back to most of the states where Peking maintained them before the Cultural Revolution, including nearly all the Communist states. Ambassadors were exchanged with the Soviet Union itself in October–November, 1970, and China and the Soviet Union signed a trade agreement at the same time. New economic aid commitments have been made to a number of countries, notably North Korea, North Vietnam (both of which have moved somewhat closer to Moscow since the onset of the Cultural Revolution), and Pakistan. Diplo-

matic recognitions have been exchanged with approximately 10 countries, of which Canada (October, 1970) was the first and probably the most important. Peking's interest in entering the United Nations has greatly increased.

This might be expected of a statesman as brilliant and flexible as Chou En-lai, but it is clear that he has a specifically anti-Soviet purpose: Peking must have the best attainable political and diplomatic position so that China can deter a renewal of Soviet military pressure or cope with it if it should occur.

### CURRENT PROBLEMS IN SINO-SOVIET RELATIONS

The Soviet Union has tried not to be outmaneuvered by Peking's diplomatic normalization campaign. In June, 1969, at the conference of Communist parties which had been in preparation since 1965 (and which was of course boycotted by the pro-Chinese parties) Brezhnev not only denounced Peking in connection with the border crisis but vaguely proposed a "collective security" arrangement for Asia. The proposal has made little headway, but Moscow has increased its presence and the level of its activity in Asia and the Indian Ocean region in other ways. Moscow is somewhat perturbed over the limited improvement that has occurred in Sino-American relations, which it sometimes claims has been consciously designed to its disadvantage. It seems at least possible that, as a result, the Soviet Union may become somewhat more accommodating toward the United States, for example in the SALT talks (to which Peking objects just as it objects to practically all manifestations of Soviet-American "collusion").

The current positions in Moscow and Peking. (Continued on page 181)

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## Foreign Aid: The Chinese Are Coming

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THE PURPOSE OF THIS ARTICLE is to examine the steps that Communist China has taken to stake out positions in the non-Communist, developing, "third" world in anticipation of her imminent emergence as one of the great powers. Given her 800 million diligent people, her determination, and the social engineering tools of a totalitarian enterprise, the achievement by China of the status of a power rivaling the United States, the Soviet Union, Japan and the nations of Europe is only a matter of time. The obstacles in the way are formidable, but in the last 20 years the Chinese have shown that they can be overcome.

Despite occasional backsliding brought about by overexuberant experimentation with means of governance and methods of economic modernization, China has come a long way since the Communists seized power in 1949. With a per capita income of about \$150 a year, China today has the destructive capability of an England or a France; she has managed to assert her will vis-à-vis India, keep Soviet and United States influence at bay in Southeast Asia, raise her voice in matters of East Europe concern (through her outpost in Albania and her overtures to dissident Rumania), provoke a scramble among the West Europeans, Canadians, Australians and Japanese for her still limited markets, and lay the groundwork for political, cultural, and economic relations with the newly indepen-

dent nations of Africa and Asia. At the same time, despite apocalyptic economic (Great Leap) and social (Cultural Revolution) tremors, the nation has been fed, housed, clothed and kept together in relatively good physical health and tolerable political temper.

Recurring spasms of arrogance toward fraternal, "intermediate," and ideologically hostile foreigners and occasional outbursts of xenophobia accompanied by withdrawal into a millennial cocoon have not really endangered China's continuing efforts to win the goodwill of many developing and developed nations, even though that goodwill has often been grudgingly given and cheerfully abused by Peking. With considerable fascination, hampered by Chinese statistical secrecy from getting at meaningful details, the outside world has watched—often anxiously—China's enormous social experiment, an attempt without precedent to give battle to nature, man and tradition, to cast millions of beings into a mold and lead them, even against their will, toward the fulfillment of an ascetic, communal, disciplined, barracks—egalitarian vision of modernity.

The giant has been awakened and has stood up. The road to the full exercise of his powers for good or evil is still long and beset with monumental obstacles. But the first decisive steps have been taken. It is in this perspective that one should evaluate China's foreign ventures, especially the unique phenomenon



f economic aid given by the underdeveloped and economically aidless.<sup>1</sup> The recognition of China's achievements should not, however, obscure the human costs involved: the cruelty, often the refined savagery, of the process. The spectacle of China's battle against economic retardation and political weakness tends to generate among China-watchers emotional attitudes that range from narrow hostility to fellow-traveling naiveté.

## THE BACKGROUND

Communist China joined the world foreign aid business in the mid-1950's, a year or two after the Soviet Union. But the Soviets existed in the lenders' and givers' club almost 40 years after their revolution, while the Chinese enlisted seven years after theirs. When the Soviets decided that to win friends and influence people abroad it was better to give than to haul away, they were well along the way to industrialization and modernity; when the Chinese did the same thing (though on a much more modest scale), they were woefully poor, underdeveloped and almost aidless. They became totally aidless five years later (1961), at the very time that they significantly broadened their foreign aid and trade commitments.

In November, 1956, China gave a \$5-million hard-currency grant to Egypt at the height of the Suez Canal crisis, apparently for defense purposes. That same year, the Chinese committed themselves to extend a \$12.6-million (equivalent) loan to Nepal, \$22.9 million to Cambodia, and \$16.2 million to Indonesia. In 1958, a \$12.7-million loan was

offered to Yemen (now the Yemen Arab Republic), followed in 1959 by another loan of \$700,000. In 1959, too, Guinea was promised a loan of \$500,000. Thus between 1956 and 1960 China's total grant and loan commitments amounted to the relatively miniscule sum of \$70.6 million to six countries, three of them African, the other three Asian.<sup>2</sup> Except for the military grant to Egypt, the aid appears to have been primarily economic.

A new era of bigger loans and more numerous recipients began in 1960-1961. Between 1961 and 1965 (the last year before the Cultural Revolution), total Chinese grant and loan commitments to non-Communist Asian and African developing countries amounted—according to this writer's estimates—to roughly \$793 million, and the number of beneficiaries rose to 22, again half of them in Africa.<sup>3</sup> The stepped-up aid effort was in large measure sparked by the mounting hostility between China and the Soviet Union, and the resultant Chinese determination not only to "lean to all sides" in international economic relations (as against the former, first five-year plan policy of "leaning to one [the Soviet] side"), but, whenever practicable, to promote China's variant of "national liberation," socialist revolution, and the Marxian-Chinese gospel.

China's emergence as trader and aid giver at a time of acute economic difficulties at home and in the face of the abrupt suspension of all Soviet assistance may be interpreted both as a defensive move designed to protect the country's sources of needed supplies, and as a challenge directed at the Soviet revisionists. It was part of a broader domestic new economic course (1961-1965) which rejected the old Soviet-Stalinist priorities and inaugurated a generally moderate and conciliatory attitude toward both the industrialized and developing non-Communist countries.

## THE PRINCIPLES

The principles which were to govern China's foreign aid policy were set out by Chou En-lai in Bamako (Mali) in January, 1964. The "Eight-Point Charter" insisted that aid should

<sup>1</sup> For a more comprehensive framework see Jan S. Prybyla, *The Political Economy of Communist China* (Scranton: International Textbook Company, 1970).

<sup>2</sup> A small rehabilitation grant to Hungary (1956) is excluded from the calculation. See J. S. Prybyla, "Communist China's Economic Aid to Non-Communist Asian and African Countries," in *Communism and Nationalism* (Papers presented at the 7th Conference on Controversies in American Society), University Park: The Pennsylvania State University, 1969, pp. 42-71.

<sup>3</sup> Countries in Africa receiving Chinese aid at his time included: Guinea, Ghana, Mali, Congo (Brazzaville), Somalia, Algeria, Tanzania (including Zanzibar), Central African Republic, Kenya, and Uganda. In the strategically important Middle East, in addition to the U.A.R., Syria and Yemen received offers of Chinese aid during this period.

always be mutual, never unilateral, and that it should be without preconditions or privileges which could adversely affect the national sovereignty of the assisted country. Economic aid granted by Peking was to take the form of loans free of interest or at negligible interest rates. The avowed object of such loans, according to point four, was to place the assisted countries on the path of independent national development and not to make them dependents of China.<sup>4</sup>

The projects financed by the Chinese government were to be those which required the least investment for the quickest results in order to furnish the governments of the recipient countries rapidly with increased revenues. The equipment supplied by China at world prices was to be "the best she can produce." Deliveries were to be accompanied by guarantees to replace any equipment which did not come up to the agreed-on specifications. Technical aid was to be given for the purpose of supervising the use of Chinese equipment until such time as the recipients acquired the needed expertise to carry on the job by themselves. Finally, experts sent by China were to lead a life the level of which was no higher than that of local technicians. Chinese experts, point eight stated, claimed no privileges, nor did they expect to enjoy any advantage. These are, indeed, lofty ideals, easier formulated than lived up to. Before evaluating actual performance, however, the story of China's foreign aid must be brought up to date.

## THE CULTURAL REVOLUTION AND AFTER

### The Great Proletarian Cultural Revolution

<sup>4</sup> In March, 1968, the Soviets charged that Chinese-built factories were intended to make African industry dependent on Chinese raw materials. According to Moscow, the cigarette and match factory built by the Chinese in Guinea was 70 per cent dependent on China for tobacco and completely dependent on China for sulphur and tinfoil.

<sup>5</sup> It may be added that the relatively moderate economic policy of 1961-1965 seems to have continued, at least in the countryside, through much of the cultural upheaval.

<sup>6</sup> According to the Economist Intelligence Unit's *Quarterly Economic Review*, No. 4, 1970, p. 10, China provided a \$388-million interest-free loan for the Tan-Zam railway project in 1970. According to *China Trade Report* (February, 1970), p. 25, the cost is \$340 million.

(1966-1969), that apocalyptic eruption of controlled chaos, diverted China's attention and energies from the world outside and focused them on domestic revivalism. During that time, economics, domestic as well as foreign, received marginal attention from policy-makers, assuming that the policy-makers could be identified in the storm that swept thousands from power, and shattered the structures of party, government, the mass organizations (except the army) and the press. Peking's left revolutionary compulsion to jump the gun and spoil amiable official relations by subtle or other subversion of established aid-receiving governments took a sharp upward turn in 1967 and 1968. With one exception (U.A.R.) Chinese diplomatic representatives in foreign countries were summoned back home for ideological refresher courses. Anti-Chinese riots erupted in Ceylon and Burma, and relations with many other aid recipients (e.g., Cambodia, Kenya, Morocco, Sierra Leone) deteriorated.

Beneath the turbulence, however, Chinese offers of aid went on unruffled.<sup>5</sup> In 1966, a loan of \$6 million was extended to Tanzania. A year later Iraq was offered an "indefinite" loan, no further provisions having been made public. In 1967, also, China agreed to design and build a 1,000-mile long Tanzania-Zambia railway linking Dar-es-Salaam with the Zambian copper belt at an estimated cost of \$340 million covered by a 30-year interest-free loan.<sup>6</sup> The single track line was to be completed by 1975. The overt object of this China's single most ambitious foreign aid project, was to enable Zambia to ship her annual copper output of some 750,000 tons to the coast of Dar-es-Salaam, bypassing the transport facilities of Portuguese, Mozambique and white-ruled Rhodesia.

Not by accident, perhaps, the headquarters of various African liberation movements directed against South Africa, Rhodesia, and Portuguese-ruled Mozambique and Angola are reputedly located in Zambia and Tanzania. The railroad gives China a foothold, precarious though it may be, on the Western extremity of the present range of her intercontinental ballistic missiles, and it has

permitted Peking to introduce into the area some 5,000–7,000 Chinese technicians, advisers, workers and others.<sup>7</sup> If carried to completion, the project would lend credence in African eyes to Peking's claim that the new China is a self-sufficient great power.<sup>8</sup> These broader interpretations of Chinese motivations tend to be supported by China's involvement in the construction of a naval base near Dar-es-Salaam and the provision of military advisers to Tanzania's army and navy.<sup>9</sup>

At the height of the Cultural Revolution in 1967, China expressed an interest in designing and building a railroad line linking Guinea and Mali (both countries had earlier received Chinese loans totaling some \$46 million). The project was dropped only to be revived again at the end of 1970.<sup>10</sup> Negotiations are still apparently going on and it is conceivable that the project, which would give land-locked Mali access to the sea at Conakry (Guinea), will come to fruition.

Since the end of the Cultural Revolution, China has extended a \$4-million loan to the

Congo (Brazzaville), over \$30 million (but perhaps as much as \$40 million) to civil war-torn Sudan (for the purchase of chemical fertilizers, textiles, agricultural implements, road construction and a radio station),<sup>11</sup> about \$50 million to Southern Yemen (payable in five annual installments and repayable in 20 years), a \$4.5-million loan to Syria, and a \$2.4-million loan to Afghanistan for the purchase in China of consumer goods. A \$9-million loan to Ceylon for the purchase of rice in China was given in 1970. Early in 1971, it was widely reported that Peking had offered Pakistan a \$200-million interest-free loan (repayable in Pakistani exports over 20 years after a 10-year grace period) for various development projects. The loan reportedly included about \$10 million in hard currencies.<sup>12</sup> Interestingly, the loan was intended for bridge building and flood control programs in East Pakistan. A drought relief gift consisting of medicines and canned food was given to Somalia in February, 1971.

All in all (counting the \$100-million loan for the Mali-Guinea railroad) China appears to have committed herself during 1966–1970 to a minimum of \$760 million in long-term interest-free aid to non-Communist countries in Asia, Africa and the Middle East. This reflects the continuation of a trend in China's external economic involvement which began in 1961 and does not include military aid, which for Africa alone (mainly Tanzania and Zambia) is estimated at \$200 million. About \$550 million of the total of \$760 million in economic loans went to nine African and Middle Eastern countries.

Given the discretion which accompanies all Chinese foreign aid deals, the score for Chinese economic aid commitments from 1956 through 1970 cannot be determined with precision. It is, however, possible to make a rough *minimal* estimate. This is how it looks:

*Chinese Aid Commitments 1956–1970*  
(million U.S. dollars equivalent)

1956–1960	\$ 70.6
1961–1965	793.0
1966–1970	760.0
Total	\$1,623.6

<sup>7</sup> See "Implications of the Tan-Zam Railway," *African Development* (November, 1970), p. 10; *ibid.*, October, 1970, p. 2. The "others" include an estimated 300–400 military advisers training Tanzania's army. At the official ceremonies marking the beginning of the construction of the railroad, President Julius Nyerere dismissed Western views that "by building this railway now, Tanzania and Zambia are coming under Chinese influence." He said that "this railway will be our railway. It will not be a Chinese railway. The Chinese people are not trying to make any profit from this railway. They have simply offered us generous terms in money and men." *China Trade and Economic Newsletter* (November, 1970), p. 5.

<sup>8</sup> *Far Eastern Economic Review (FEER)* (November 7, 1970), p. 6.

<sup>9</sup> *FEER* (November 7, 1970), p. 6. It was also reported that the Tanzanian air force was awaiting the delivery from China of two squadrons of MIG-17 fighters. At the end of 1970, Soviet advisers and technicians left Zanzibar. Thenceforth Zanzibar has relied on China to train its 3,000-man army.

<sup>10</sup> *Africa Report* (December, 1970), pp. 8–9, and *Ren-min Jih-pao* (People's Daily, Peking), November 11, 1967, p. 6.

<sup>11</sup> The loan was for 10 years, and was supplemented by a \$13.5-million loan from North Korea. See *China Trade and Economic Newsletter* (September, 1970), p. 3; *FEER* (November 7, 1970), p. 6. A small grant of 40,000 yuan for drought relief was given early in 1970.

<sup>12</sup> *China Trade and Economic Newsletter* (January, 1971), p. 4; *FEER* (November 28, 1970), p. 6.

By developed countries' standards a total commitment of about \$1.6 billion over a 15-year period is not very much. In the light of China's presently slim resources, it is a great deal. The relative stability of the commitment is the more surprising in view of the domestic political upheaval of the years 1966–1969 and of its adverse short-run repercussions on China's economy. Peking's willingness to assume the extra burden represented by foreign aid may be explained by China's determination to take advantage of the widespread distrust of the Soviet Union and the United States manifested by many African and Asian countries and by her resolve to carve out for herself a place of influence in the world.<sup>13</sup> It must be remembered that in addition to her aid efforts in third world countries, China has for years carried Albania's economy on her shoulders and has extended grants and loans to North Korea, North Vietnam and Rumania.

### CHINESE AID IN PRACTICE

The picture of Communist China's foreign aid ventures would be incomplete without a brief look at actual as distinct from committed aid, and at the way the eight-point charter principles have operated in actual execution.

The following appear to be the main characteristics of Chinese economic assistance in action:

—Loan commitments are typically much above actual deliveries. In the years up to 1965 only about one-third of the promised aid had, in fact, materialized. The same is likely to be true of assistance promised since that time. There are many reasons for this lack

of correlation between commitments and performance. In addition to the creditor's propensity to offer politically impressive amount of aid, there is the recipients' frequent inability to absorb large injections of foreign aid. The needed backup resources are often just not there; there is in many cases a lack of complementarity in the types of goods needed by the two partners; and there are problems with transporting aid goods from China to the more distant beneficiary countries. There have been frequent complaints among China's African customers about erratic deliveries.

—Almost all Chinese long-term, interest-free loans are "tied," in the sense that the goods and services specified in the credit agreement have to be purchased in China and repaid in the recipients' exports, usually after a grace period. This presents delicate problems of complementarity mentioned earlier. For example, a Zambian trade mission found only a limited range of goods with which Zambia and Tanzania could meet their commitments to pay for the local costs of the Tan-Zam railway. Zambia and Tanzania have undertaken to ease China's foreign exchange burden by meeting about 60 per cent of the local cost of the railway by purchasing Chinese consumer goods. A Zambian trade mission to China (1970) found, however, that Chinese goods which were competitive in quality and price with similar goods obtainable elsewhere consisted only of chinaware, glassware, textiles, bicycles and carpets.<sup>14</sup> The mission urged caution on the Zambian government in undertaking further debt obligations to China.

—China has tended to concentrate her assistance efforts on a relatively small range of undertakings, most of them carried out in a labor-intensive way and with relatively simple techniques, not a few of them improvised on the spot. Many of the aid projects had been tried out in China since the suspension of Soviet capital-intensive aid; others date back to the Communists' guerrilla past or, as with medical assistance, draw on arts which have been practiced in China for centuries.

Among China's more recent major foreign aid ventures are the following:

Railroad and road construction in, among

<sup>13</sup> The figure for 1966–1970 does not include the "indefinite" (1967) credit to Iraq. Some useful sources: "Peking Shows its New African Look," *Africa Report* (March, 1971), pp. 19–21; "Heightened Chinese Interest in the Middle East," *Middle East Economic Digest* (October 30, 1970), pp. 1261–1262; "China-Africa: A Tale of Woe," *FEER* (January 1, 1970), p. 16; B. Grossman, "International Economic Relations of the People's Republic of China," *Asian Survey* (September, 1970), p. 789; G. Ginsburg and A. Stanke, "Communist China's Trade Relations with Latin America," *ibid.* (September, 1970), p. 803.

<sup>14</sup> *China Trade Report* (February, 1970), p. 25.



her nations, Tanzania, Zambia, Guinea, Mali, Southern Yemen, the Yemen Arab Republic, Somalia, Pakistan, Nepal and Burma. The most recent highway construction projects have included a 2,000 kilometer highway in Somalia (1971); nearly 500 miles of highway in Southern Yemen (1970); and two roads in the Yemen Arab Republic linking the capital city of Sana with the towns of Saada and Hodeida. On some occasions (e.g., in the case of Nepal, and the 380-kilometer highway in Zambia linking Lusaka with Kaoma) China has supplied the necessary construction machinery as well as fleets of trucks, and has constructed bridges, pre-fabricated concrete and machinery repair workshops along the way.<sup>15</sup>

Prospecting for water and minerals in Mauritania, Zanzibar, Southern Yemen, the Yemen Arab Republic and Ceylon. Chinese experts have lately been advising Southern Yemenis on salt extraction and treatment; they have located 40 artesian wells, and—in the Yemen Arab Republic—they have built a Sana water supply system.

Construction of naval facilities and dry docks for fishing boats, for example, in Tanzania and Southern Yemen.

Construction of technical schools (e.g., in the Yemen Arab Republic) and sports stadia (Somalia, Zanzibar).

Construction of light industrial plants, especially textile mills (Syria, Yemen, Congo, Afghanistan, Ceylon), chemical fertilizer plants (East Pakistan), cigarette and match factories (Somalia), tannery plants (Mali, Zanzibar), shoe factories, cement plants, agricultural implements factories, saw mills, oil pressing and printing works, tea processing plants (e.g., Mali) and refractories.

Development of radio stations and transmitters (Sudan, Zambia).

Establishment of experimental state farms (e.g., an experimental fish breeding center in Darunta, Afghanistan, tea cultivation farms in Afghanistan and Guinea, rubber planting in Ceylon, a general farm in the Congo (B), a rice farm in Mauritania, and a tobacco experimental station in Somalia).

Dispatch of medical teams (trained in both Western and Chinese traditional medicine) and construction of hospitals, clinics, and medical centers (Algeria, Tanzania, Congo (B), Mauritania, Southern Yemen, Somalia, Sudan, Guinea).

Construction of meeting halls (Ceylon, Mauritania), theatres and sports stadia (Zanzibar, Guinea).

Development of electric power networks and hydroelectric power generating stations (Guinea, Nepal).

Development of irrigation and land reclamation projects (e.g., Mauritania).

The Chinese presence in Africa and non-Communist Asia is still modest but it is growing. China, like other aid-givers, is gradually discovering the complexities and frustrations of dealing with large numbers of diverse and fiercely nationalistic nations whose regimes have a tendency to change overnight, often in a right-ward direction.<sup>16</sup> Peking has gained goodwill in many quarters and has suffered as many reversals. On balance, China's assistance appears to be welcome in most recipient countries, and her political dangers are discounted by those presently benefiting from it. Since the end of the Cultural Revolution, China's interest has centered on the Middle East (especially Southern Yemen and the Yemen Arab Republic), West Africa (Congo [B] and Guinea), and East Africa (Continued on page 181)

<sup>15</sup> A special correspondent of the London *Financial Times* reported: "One South Yemeni official told me: 'They [the Chinese construction crews] have made a very good reputation for themselves as road builders. . . . Their methods are simple, effective and fast. They are very suitable for countries with scant capital resources.'" *China Trade Economic Newsletter* (February, 1971), p. 2. <sup>16</sup> Chinese-trained "people's militias" have been organized in Congo (Brazzaville) and Mali following changes of government in those countries.

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*"China has proved to be adept in exploiting deteriorating conditions in 'soft states,' with little cost or risk to herself."*

# China's Relations with India and Pakistan

BY NORMAN D. PALMER

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SOME FORTY PER CENT of all of the people in the world live in China and the two major South Asian states of India and Pakistan. From a demographic point of view, there can be no question that special importance has to be attached to the interrelationships of the first and second largest concentrations of population anywhere on the globe. From a political point of view, China, India and Pakistan are sometimes said to form an "Asian triangle," occupying a central place in the evolving patterns of Asian politics.

"China's relations with the South Asian states have been relatively complex because of the many levels of policy being served and the highly differentiated way in which the various countries have been seen by Peking."<sup>1</sup> In recent years, China has been too preoccupied with internal problems and with relations with the Soviet Union and other higher priorities in foreign policy to give much attention to relations with India and Pakistan; but there can be no doubt that South Asia is a target area for China in her overall relations with the states of non-Communist Asia and the Third World. For the past decade China has been developing rather close relations with Pakistan, and her relations with India have been strained and hostile, after several years of seemingly close associations in the *Hindu-Chini bhai bhai* era. China seems

to be interested in using Pakistan as a counterweight to India, and in exploiting interregional rivalries and differences. She seeks to checkmate the Soviet Union and United States in South Asia, to prevent superpowers from getting the kind of foothold in the subcontinent or from developing the kind of "collusion" in the area that would pose serious threats to the People's Republic of China. Apparently China sees India and Pakistan as "soft states," to use Gunnar Myrdal's term, which will have increasing difficulty in achieving tolerable levels of political and economic development, leading to fragmentation, balkanization, and providing China with opportunities for promoting revolutionary struggles and assisting in the overthrow of existing political and social order.

China is just emerging from the trauma of the Great Proletarian Cultural Revolution which resulted in a great deal of internal dislocation and in China's virtual withdrawal from international life. The People's Liberation Army seems to be firmly in control both the party and the government, and militarization of the country seems to be proceeding apace at all levels. Since the Ninth congress in April, 1969, the Chinese Communist party, which received a nearly mortal back during the Cultural Revolution, has been in a process of thorough reorganization. The economy of the country seems to be recovering rapidly from the reverses experienced during the Cultural Revolution. In foreign policy, China is still without a foreign minister, and is in what the editor of *China* A

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<sup>1</sup> Wayne Wilcox, "China's Strategic Alternatives in South Asia," in Tang Tsou, ed., *China's Policies in Asia and America's Alternatives* (Chicago: University of Chicago Press, 1968), Vol. II, p. 48.

analysis in Hong Kong has called a "period of suspense"<sup>2</sup>; but there are numerous signs that China is returning to a more active international role. In South Asia, as in most other areas with which she is especially concerned, the hard line in foreign affairs which has characterized China's foreign policy for some time has been reasserted.

Since the fifth general elections in March, 1971, India has had a government with a capacity to govern. Both the economic and the political situation have shown a marked improvement; but almost intolerable new burdens have been placed on the economy and the political system by the spill-over effects of the tragedy in East Bengal. Among these effects has been the burden of caring for millions of refugees. This has involved an expenditure of more than a million dollars a day and has created increased tensions in the already volatile state of West Bengal. It has also led to demands within India for a recognition of "Bangla Desh" and for strong measures against the Pakistani government and army, even at the risk of war between the two countries.

After Pakistan's first successful nationwide general elections on the basis of universal adult franchise, unsuccessful negotiations involving President Agha Mohammed Yahya Khan, Z. A. Bhutto, the leader of the Pakistan People's Party (winner of the majority of the seats in the National Assembly in West Pakistan), and Sheikh Mujibur Rahman, leader of the Awami League (which won all but two of the 169 seats from East Pakistan in the Assembly, giving it an overall majority in that body). The Pakistan army (composed almost exclusively of West Pakistanis) ruthlessly seized control of the main cities in East Bengal on orders of President Yahya Khan. Consequently, thousands have been slaughtered and more than six million refugees have streamed across the borders into India. East Bengal is now a conquered and occupied province, and the prospects of preserving the Pakistani nation except by direct military rule are remote.

<sup>2</sup> See L. La Dany, "China: Period of Suspense," *Foreign Affairs*, XLVIII (July, 1970), 701-711.

Because of these and related developments neither India nor Pakistan has been able to give much attention to international affairs in recent months, except as they have related to the Pakistani crisis and its consequences.

Communist China's relations with India may be divided into three main chronological periods: (1) from 1949 to 1954, a period of limited relations, with numerous gestures of friendship on India's side and considerable abrasiveness on China's side; (2) from 1954 to 1959, the *Hindi-Chini bhai bhai* period, when on the surface Sino-Indian relations were remarkably good, whereas beneath the surface there were numerous points of friction and conflicting purposes and aims; and (3) the period since 1959, with a sharp turn for the worse in their relations in 1959, open warfare in late 1962, and strained and limited relations ever since, with China assuming a distinctly hostile pose.

India was one of the first non-Communist states to recognize the People's Government, a move that was promptly reciprocated. For a decade India was a leading champion of the admission of the new Chinese regime to the United Nations and to international life generally.

The spokesmen of the Communist regime in China, however, showed little interest in establishing close relations with the "bourgeois" regime in India; and in addition to frequent propaganda attacks, they took a number of steps that alarmed the Indians. Foremost among these was the sending of Chinese troops into Tibet in October, 1950, "to free three million Tibetans from Western imperialist oppression and to consolidate national defenses on China's western borders." India expressed her concern over this move and her hope that China would respect Tibet's autonomy within the framework of Chinese "suzerainty." She received a very sharp reply, charging that India had been prompted to send her note by hostile foreign powers and that she had no right to challenge China's sovereignty in Tibet.

India did not press this issue any farther. In fact, she even refused to support a resolution on Tibet that was introduced in the

General Assembly of the United Nations. Apparently Nehru felt that there was not much that India could do to prevent the Chinese from acting as they chose in Tibet, and that the importance of developing good relations with the new regime in China far outweighed India's interests in Tibet. Moreover, the Korean war was going on, and India hoped to act as an intermediary between Communist China (which sent "volunteers" into North Korea shortly after she moved into Tibet) and the United States in helping to resolve the escalating conflict in Korea.

India did, however, take several steps to strengthen her military establishment and her border defenses, and she entered into defense treaties with Nepal, Bhutan and Sikkim. In 1952, India received another harsh barrage of criticism from China over her role in the prisoner of war exchanges in Korea. Thereafter, China's official attitude toward India seemed to become less critical, and in 1954 the two largest Asian nations entered into a period of closer and more friendly relations.

The change was symbolized by the Sino-Indian treaty on Tibet in April, 1954. In this treaty, India gave up most of her special privileges in Tibet in return for China's assurances that Indian pilgrims could still go to religious shrines in Tibet and that trade between India and Tibet could be continued. The treaty also contained the soon-to-be-famous "Five Principles of Peaceful Co-existence," which the Indians called the *Panch-sheel*: (1) mutual respect for each other's territorial integrity and sovereignty; (2) non-aggression; (3) noninterference in each other's internal affairs; (4) equality and mutual benefit; and (5) peaceful coexistence.

During the *Hindi-Chini bhai bhai* era, from 1954 to 1959, the Indian people, and many Indian leaders as well, became euphoric about the new China. A Sino-Indian Friendship Association and other organizations in India, plus the writings and speeches of pro-Chinese Indians, helped to project the image

of a friendly China. Several official visits and cultural missions were exchanged between the two countries. At the Bandung Conference in 1955, Nehru seemed to conceive his role to be that of a sponsor of Chou En-lai, although he was somewhat irritated because the Chinese Premier seemed to overshadow him at the conference. Officially China played down her former criticisms of India and Indian leaders. But the relationship between China and India in these years was a one-sided love affair at best.

Even during the *Hindi-Chini bhai bhai* era there were numerous points of friction between India and China, as the first India White Paper on China, released in the fall of 1959, clearly revealed. These centered mainly around border and boundary disputes, dating as far back as 1954. China, it turned out, had never accepted the McMahon Line, the recognized boundary between Tibet and the North East Frontier Agency, and sometime in the late 1950's she built a road connecting Sinkiang and Tibet in the Aksai Chin section of Ladakh on Indian-claimed land.

A number of developments in the late 1950's, especially the Great Leap Forward and the growing rift with the Soviet Union, led China to adopt harsher policies at home and abroad. India felt the impact of this new harshness. But most Indians were unpleasantly surprised by the sudden change in their relations with China in 1959, as a result of the uprising in Tibet and its harsh suppression by Chinese troops, the flight of the Dalai Lama and other Tibetan refugees to India, the revelation for the first time of the difficulties with China behind the scenes during the *Hindi-Chini bhai bhai* era, a series of border clashes and a sharp exchange of notes and letters. A visit by Chou En-lai to India in April, 1960, and three meetings of Indian and Chinese experts charged with the mission of investigating the issues in dispute between the two countries did nothing to bring about a resolution of the differences. In fact, tensions increased from 1959 to 1962, and on October 20, 1962, under circumstances which have given rise to very different interpretations,<sup>3</sup> the Chinese launched massive attacks

<sup>3</sup> See, for example, S. P. Varma, *Struggle for the Himalayas* (Jullundur: University Publishers, 1965); and Neville Maxwell, *India's China War* (New York: Pantheon Books, 1971).



in Ladakh and NEFA. In each area, the Indian forces were virtually routed, but in late November, instead of following up on their military successes, the Chinese withdrew unilaterally and hostilities came to an abrupt end.

These events came as a great shock to India, and to Prime Minister Nehru, who had placed great reliance on good relations with Communist China. Nehru never really recovered from these traumatic events. After his death in May, 1964, the Chinese took a less hostile line toward India for some weeks, apparently because they wished to reassess the Indian situation and hoped that the new Indian Prime Minister, Lal Bahadur Shastri, would be easier to manipulate. At the time of the nonaligned nations summit conference, held in Cairo in October, 1964, China made her last offer to settle her border differences with India by negotiations. India showed little interest in this offer, and Prime Minister Shastri tried to get the Cairo conference to adopt some resolutions aimed at China.

## RELATIONS WITH PAKISTAN

By early 1965, the Chinese propaganda organs had reverted to a strongly anti-India line. By this time China had developed close ties with Pakistan, and had endorsed Pakistan's position on the Kashmir question and other issues in dispute with India. In the "little war" in the Rann of Kutch in 1965, she supported Pakistan. In the larger war between the two South Asian states, in September, 1965, China also proclaimed her support of Pakistan, and at the height of the brief conflict she presented an "ultimatum" to India, demanding that India "dismantle the 56 aggressive military works she had built within Chinese territory on the China-Sikkim border and withdraw the intruding Indian troops." India did not yield to this demand, in spite of the danger of military involvement with China as well as Pakistan, and China found a face-saving way out of the impasse.

<sup>4</sup> Norman D. Palmer, *The Indian Political System* (2nd edition, Boston: Houghton Mifflin Company, 1971), p. 290.

<sup>5</sup> "The Darjeeling Peasant Armed Struggle," *Peering Review*, July 14, 1967, p. 25.

India is disturbed by China's growing closeness to Pakistan, by China's support of Pakistan on most issues in dispute with India, and by Chinese arms aid to Pakistan. In the crisis in East Bengal following the military takeover by the Pakistan army in late March, 1971, China warned India not to make any moves against Pakistan or give any assistance to those in opposition to the Pakistani authorities.

Since the explosion of the first nuclear device in October, 1970, China has developed a considerable nuclear weapons capability, while India, of course, has none. Because of China's nuclear capability, there is a strong demand in India that India, too, should go nuclear. But the official policy is against this, although India's options are being kept open. Largely because China poses a nuclear threat to India, India has refused to adhere to the nuclear nonproliferation treaty. She is concerned not only with the continuing nuclear threat from China, but also with continuing Chinese "nuclear blackmail."

India is also disturbed by the many evidences that China is giving both

open and clandestine encouragement and support . . . to dissident tribal groups inside India, particularly the Nagas, and to extreme Communist groups in India, particularly the "Naxalites."<sup>4</sup>

China has been encouraging and guiding various Communist extremist groups in India. When the Communist party of India split in 1964, China threw support to the more leftist wing, the Communist party of India (Marxist), but this party, even though it was supposed to be pro-Peking in orientation, soon incurred China's disfavor.

The Chinese Communists welcomed the uprising of peasants and tribals, led by extreme Communists, in Naxalbari and two adjoining villages in the Darjeeling District of West Bengal in the summer of 1967, which were hailed as a "prelude to a violent revolution by hundreds of millions of people throughout India."<sup>5</sup> Various groups of "Naxalites" have sprung up in West Bengal, Andhra Pradesh, Kerala, and some other parts of India. Some have formed a third Communist party, the Communist party of India (Marxist-Leninist); others have refrained

from identification with this new party. Together these "Naxalites" constitute a formidable Maoist element in Indian communism.

During the past decade China has had closer and probably more satisfactory relations with Pakistan than with any other non-Communist Asian nation. During the 1950's, when Pakistan was allied with the United States and was a member of both SEATO and CENTO (she still is, but she is virtually a non-cooperating member) and relations between China and India were presumably warm and close, Sino-Pakistan relations were nonetheless surprisingly good. Pakistan was interested in avoiding too close an association with the United States, in developing good relations with the neighboring Communist powers in spite of her pro-Western alliances and policies, and in checkmating India.

Pakistan recognized the People's Republic of China shortly after India did and, in the early 1950's, Pakistan supported resolutions in the United Nations General Assembly in favor of seating the new regime as the rightful representative of China. The Pakistani government carried on some trade with Communist China and before 1958 had entered into eight bilateral commercial agreements with that country. Even when Pakistan entered into a mutual defense assistance agreement with the United States, in May, 1964, and then into SEATO and the Baghdad Pact (later CENTO), she took pains to continue to cultivate China; the Chinese Communists showed remarkable forbearance in their reactions to Pakistan's pro-Western swing. At the Bandung Conference in 1955, the Prime Minister of Pakistan, Mohammed Ali, assured Chou En-lai that although Pakistan had entered into military alliances she was in no way hostile to China and had no fear of any threat from China. The Chinese Premier professed to accept this assurance. "As a result of that," he stated, "we achieved a mutual understanding although we are still against military treaties."<sup>6</sup> He invited Mohammed Ali to visit China. And in 1956

Ali's successor, H. S. Suhrawardy, made a 12-day official visit to China, where he was warmly received. In the same year, a China-Pakistan Friendship Association was formed in Pakistan, and in the following years several official delegations and cultural missions were exchanged.

China had additional incentives to broaden her relations with Pakistan after the sudden change for the worse in Sino-Indian relations, beginning in 1959, the intensification of the Sino-Soviet "split" in the late 1950's and early 1960's, and especially after the Sino-Indian border war in October-November, 1962. In 1963, several significant agreements between the two countries were signed. These included a long-discussed border agreement, a trade agreement, a barter agreement and an air agreement (which made possible a Dacca-Canton-Shanghai air link). There were rumors, apparently unfounded, of some kind of secret alliance between China and Pakistan. On July 17, 1963, Pakistan's Foreign Minister, Z. A. Bhutto, stated in the National Assembly that "An attack by India on Pakistan involves the territorial integrity and security of the largest state in Asia." In February, 1964, Premier Chou En-lai visited Pakistan and for the first time placed China unequivocally on Pakistan's side in the Kashmir dispute with India. In 1965, President Ayub Khan visited China, and Chou En-lai came again to Pakistan. China supported Pakistan in the Indo-Pakistan conflicts in 1965.

China and Pakistan are now linked by two roads. In August, 1969, the historic "silk route" between Sinkiang and Gilgit and Hunza, closed for 20 years, was reopened when a Chinese caravan traveled through the Mintaka Pass into Hunza. A year and a half later, an even more important road link was opened. This was an all-weather macadamized motor highway known as the Friendship (Karakoram) Highway, through the Khunjerab Pass, built on the Pakistan side by Pakistan army engineers with the help of several thousand Chinese.

For some years China has been giving military aid to Pakistan. This is said to amount to enough armor and weapons to equip three

<sup>6</sup> Quoted in George McT. Kahin, *The Asian-African Conference* (Ithaca: Cornell University Press, 1956), p. 57.

new Pakistani divisions, and enough MIG-19 and IL-28 aircraft to equip six squadrons. China has helped to build an ordinance factory in East Pakistan. Chinese officers have been stationed in Pakistan on training missions. Economic assistance has continued at limited but increasing levels. At the conclusion of a five-day visit to China by President Yahya Khan in November, 1970, an agreement for another substantial interest-free loan was signed.

After the Pakistan Army was ordered to assume control in East Pakistan in late March, 1971, the People's Republic gave the Pakistan government its strong support. China's standing rose to a new high among leaders of the Pakistani government and those West Pakistanis who approved of the government's strong actions.

China may stand to gain from her "firm support" of the actions of the Pakistani government in East Bengal, whatever the outcome of these actions may be. If unification of the country is preserved and the present rulers remain in power, Chinese influence will be far greater than ever. If the Pakistani government fails to achieve its objectives in East Bengal, the Chinese may well benefit from the deteriorating situation. They have obviously alienated all East Bengalis who support the Awami League, and they have added greatly to the dilemmas facing India as a result of the developments in East Bengal and the massive refugee problem which these developments have created. But they have been at odds with India for a long time, and they apparently regard the Awami League leaders as weak bourgeoisie who will probably have no future if guerrilla warfare continues in East Bengal for some time. In this event more radical elements will probably take over, and China may encourage and support these elements just as they have the "Naxalites" of West Bengal.

This would be entirely consistent with China's dual policy of developing regular diplomatic relations with the government of a non-Communist state and at the same time encouraging revolutionary movements within that state. If a new state of Bangla Desh

emerges under revolutionary leadership, China will probably promptly establish close relations with it; if it emerges under the leadership of the Awami League, the Chinese ploy will probably be to seek to establish official relations with the new government and to encourage dissident groups working for a more revolutionary solution.

China's present relations with India and Pakistan are clearly in a state of flux, largely because all three countries have been going through serious internal upheavals and readjustments and because the foreign policies of all three are responding in uncertain ways to these traumatic developments. The Pakistani crisis has greatly complicated the South Asian picture. It has confronted Pakistan with a crisis of survival, and it has imposed almost intolerable new burdens on India. As a result, Indo-Pakistani relations are at another crisis point. Even war between the two South Asian states cannot be ruled out. If war does break out in South Asia, it will be far more serious than the previous armed clashes between India and Pakistan. If there is no war, the tensions in South Asia, with their inevitably unfortunate impact on the economies and the political systems of India and Pakistan, are bound to be at dangerous levels for some time to come. Even if China does not take armed action against India in the event that war resumes in the subcontinent, she will certainly make many moves of a threatening nature and in other ways will attempt to take advantage of India's distress. China has proved to be adept in exploiting deteriorating conditions in "soft states," with little cost or risk to herself.

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*"The development of electronics, shipbuilding, the new jet fighter and the intensive preparation for the first out-of-country tests of an ICBM illustrate Communist China's determination to pursue the status of a major military power at the expense of the civilian sector, particularly the consumer goods industry."*

# China's Industry: Advances and Dilemma

BY CHU-YUAN CHENG

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AFTER TWO YEARS of disruption unleashed by the Cultural Revolution, industrial development in mainland China has gradually resumed an upward trend. In March, 1971, for the first time since 1960, Peking's leaders disclosed a few output statistics in absolute terms, indicating the return of official confidence in the prospect of economic recovery. Recent information from China points to continuous advances in both defense and civilian industrial production. However, development policies pursued in the past two years have occasioned many difficulties which may affect further industrial growth.

After the turbulence of the Cultural Revolution subsided, the Chinese leaders immediately announced a set of guidelines for industrial development. Rationalizations for the Chinese economic policy were given in an article that appeared in the October, 1969, issue of *Hung-ch'i* (Red Flag), the party's authoritative and theoretical organ.

The underlying concepts of the new guidelines were threefold: (1) to switch to labor-intensive small-scale industry linked to simple domestic technology and capable of utilizing the surplus work force in each locality; (2) to erase the barriers between China's industrialized urban centers and her agricul-

tural interior; and (3) to safeguard Chinese industry from ready destruction by air raids. In essence, the new guidelines represent a combination of Mao's "walking on two legs" approach adopted during the Great Leap between 1958 and 1960 and the "agriculture first" policy pursued during the subsequent adjustment period between 1961 and 1965.

One salient feature of the industrial development in the post-Cultural Revolution period has been the flourishing of small-scale industry in the Chinese countryside. When Mao launched the Great Leap Forward campaign in 1958, the establishment of small industries in the countryside constituted a pillar of the movement. With the failure of this movement, most of the small, ill-equipped local plants were abandoned. In 1969, after restoring his authority, Mao issued a directive:<sup>1</sup>

the localities should endeavor to build up independent industrial systems. Where conditions permit, coordination zones, and then provinces, should establish their own relatively independent and varied industrial systems.

With this new directive, small enterprises increased by leaps and bounds. For instance, in Heilungkiang Province alone, more than 6,600 small plants, workshops and production groups have been built and set up during the past two years, outstripping the total built in the 17 years before 1966.<sup>2</sup> According to a

<sup>1</sup> *Peking Review*, No. 48, November 27, 1970, p. 15.

<sup>2</sup> *Peking Review*, No. 3, January 15, 1971, p. 10.



Recent official report, more than 90 per cent of the counties in the nation have erected networks of small plants which can produce walking tractors, small-sized power machines, farm implements and spare parts, chemical fertilizer, coal, cement, iron and steel. Within a single county-wide industrial network, iron and other metals can be extracted and refined on the spot using locally mined coal, and subsequently processed into mechanical implements specially designed to suit the county's agricultural needs.

Reports also tell of the installation of thousands of water-mills and miniature hydro-electric stations to provide power for irrigation pumps, flour mills and processing machinery. In Hupeh province, for instance, total output value of local industries increased by 51 per cent in 1970 over that of 1969. All the 72 counties of the province ran their own agricultural machinery-building plants and repairing plants. The output of farm drugs, chemical-fertilizers, diesel-engines and water pumps also increased considerably.<sup>3</sup>

The large-scale expansion of small plants as enhanced their relative importance in the total industrial output. Small coal mines now turn out one-third of the coal production.<sup>4</sup> Small chemical plants turned out 43 per cent of the chemical fertilizer in 1970, and small cement plants produced 40 per cent of the cement output.<sup>5</sup>

In line with the drive for the establishment of small plants, the Maoists also launched a "Socialist Cooperation" campaign to link large plants to small plants. It is expected that large modern plants will play a "backbone" role, providing basic equipment and technological expertise. In return, the small plants will supply raw materials and become a market for the big plants.

<sup>3</sup> Hupeh People's Radio Station—December 23, 1970.

<sup>4</sup> New China News Agency, Aug. 5, 1970.

<sup>5</sup> *Peking Review*, No. 3, 1971, p. 10.

<sup>6</sup> *Jen-min Jih-pao* (People's Daily), November 3, 1970.

<sup>7</sup> *Peking Review*, No. 6, 1971, p. 6.

<sup>8</sup> Peking Radio—November 11, 1970.

<sup>9</sup> *Far Eastern Economic Review*, Hong Kong, April 3, 1971, p. 116.

<sup>10</sup> *Peking Review*, No. 6, February 5, 1971, pp. 9.

The Socialist Cooperation campaign also worked in big plants. In Peking, nearly 400 factories came together to manufacture 100 sets of equipment for rural chemical fertilizer factories. Similarly, more than 300 different factories in Shanghai cooperated to manufacture a great deal of basic equipment for several hundred small fertilizer plants.<sup>6</sup>

Another major effort during the past two years was fully to utilize the latent industrial capacity and to use all materials with maximum efficiency. This was achieved through two major campaigns—"diversification in operations" and "comprehensive utilization," an anti-waste movement.

According to one early instruction of Mao, modern large enterprises such as the Wuhan Iron and Steel Complex should be gradually developed into a comprehensive industrial enterprise. In addition to its main business of producing steel products, it should also engage in manufacturing machinery, chemicals and building materials.<sup>7</sup> This new policy represents a reversal of the specialization line put forward by Liu Shao-ch'i and other leaders during 1961–1965. By pushing for diversification of products within a single enterprise, it is expected that variety and quantity of products for the whole industry can be increased with little or no additional investment from the state.<sup>8</sup> For instance, the Ta-tung Coal Mining Complex, one of China's largest, manufactures machine tools, mining and haulage equipment; it also claims to maintain self-sufficiency in cement, lime and a variety of spare parts. The Peking Distillery not only produces wine, but processes salvage materials, drugs, insecticides and machinery.<sup>9</sup>

The anti-waste drives which gained momentum last spring aimed at the multi-utilization of all materials. Shanghai has been particularly active in the campaign. Peking claimed that in little more than a year, from industrial waste liquids, Shanghai has recovered gases and slag, several hundred tons of dyestuffs, 8,000 tons of oil and tens of thousands of tons of chemicals. This not only increased production but ameliorated the problem of pollution.<sup>10</sup>

## QUANTITATIVE TRENDS OF OUTPUT

The stabilization of the political situation, the rapid expansion of small industry and the full utilization of the latent capacity of modern plants all fostered the rapid recovery of industrial output in 1969–1970.

Prior to the interruption of the Cultural Revolution, the year 1966 was often referred to in the official press as the “historical recorded year” of industrial production in China. During 1967 and 1968, output suffered some setback. Since the latter part of 1968, scattered data have pointed to a steady recovery of industrial output. However, most of the official data are fragmental, covering only cities, and the periods mentioned were not uniform. Consequently, an overall growth rate for the period between 1965 and 1970 is extremely difficult to estimate.

Industrial output in Peking was officially reported as having increased 100 per cent between 1965 and 1970. However, during the past few years, Peking received a higher share of capital investment, which resulted in an exceptionally high rate of growth. The case of Shanghai is more representative. Shanghai's industrial output in 1970 was 60 per cent higher than that in 1965, with an annual growth rate of 9.9 per cent during the entire third five-year plan period. This growth rate is higher than that of the national growth rate in industrial output.

Gross output value of industry in 1970 and the absolute quantity of four major industrial products—steel, crude oil, chemical fertilizer and cotton cloth—were revealed by Premier Chou En-lai in March.<sup>11</sup>

On the basis of Chou's figure for 1970 and the latest official data for 1959, the long-run growth rate for gross industrial output value during the 11-year period between 1959 and

1970 seems unimpressive. Industrial output value went up only 45 per cent with an average annual growth rate of 3.5 per cent. A comparison of Chou's figure with the estimated figure for 1965, the year when China completed her recovery from the disastrous Great Leap, shows that the short-run growth rate of 9.6 per cent between 1965 and 1970 was much higher than the long-run rate.

Within the civilian sector, the growth of various industries was uneven. New industries such as chemical fertilizer and petroleum continued to enjoy a high rate of growth while the growth of older industries such as steel and textiles was not at all spectacular.

Under the guideline of regional self-sufficiency, a nationwide network of steel and machine-building industries began to take shape. By the end of 1970, it was reported that some 1,400 steel and iron enterprises of different sizes existed in China. In addition there were another 3,000 small local workshops engaged in iron smelting. The establishment of these small plants has resulted in a 48 per cent increase of iron ore in 1970. Pig iron produced by small local plants in 1970 was said to be 2.8 times that of 1969. However, steel turned out by modern large plants registered only a moderate increase. At Anshan Iron and Steel Complex, the output of steel in 1970 rose by only 7.8 per cent, pig iron by 7.7 per cent and finished steel by 4 per cent.<sup>14</sup> Since Anshan supplied about half of the steel made by modern plants in China, its growth rate may represent the overall growth of the whole modern steel industry.

There were considerable strides in technology. In 1969, the first pure oxygen blown converter was successfully installed at Sian Steel Plant and has since been adopted by other major plants. A few types of high grade alloy steel have also been reported produced. China's steel industry now boasts some 500 different varieties of carbon steel, 150 kinds of low-grade alloy steel and some 5,000 kinds of high-grade alloy steel. It can also furnish 6,000 kinds of finished steel of various sizes.<sup>15</sup>

The development of the machine-building industry followed the same pattern as the steel

<sup>11</sup> Edgar Snow's interview with Chou En-lai, *The New Republic*, March 27, 1971, p. 20.

<sup>12</sup> *Jen-min jih-pao*, January 8, 1971.

<sup>13</sup> *Peking Review*, No. 3 (January 15, 1971), p. 10.

<sup>14</sup> *Ching-chi Tao-pao* (Economic Bulletin), Hong Kong, special issue for Chinese Export Commodities Fair, Spring, 1971, April 18, 1971, pp. 33–34.

<sup>15</sup> Chu-yuan Cheng, *The Machine-building Industry in Communist China* (Chicago: Aldine, 1971), pp. 169–171.

industry. A nationwide network capable of supplying and repairing local agricultural machinery and providing whole sets of equipment for small local industry was established. The farm machinery industry made great progress in 1970. From January to June, the total output value of farm machinery was officially given as 22 per cent above that of the same period in 1966. In the first 7 months of 1970, almost twice as many walking tractors were turned out as in the whole of 1966 and the production of pumps for deep wells for agricultural use was said to be 1.4 times the target set for the whole of 1970.<sup>16</sup>

In several provinces, the local machinery industry can now manufacture whole sets of equipment for small iron plants with an annual production of 100,000 tons of pig iron, and equipment for local coal mines capable of producing 150,000 tons of coal per year. Equipment for a hydroelectric station with the capacity of 50 KW, for a small fertilizer plant and for a cement plant capable of producing 4,000 tons of products a year can now be supplied by the local machinery plants.

## PETROLEUM AND CHEMICAL FERTILIZER

The limelight of the civilian sector is still cast on the petroleum and chemical fertilizer industries—two rapidly growing branches of China's modern industry.

In 1965, during the operation of the Ta-ching Oil Field in Manchuria, crude oil output surged to 10 million tons. It rose to over 20 million tons in 1970, an increase of 100 per cent in five years. In May 1970,eking announced that the petroleum industry overfilled its target for the third five-year plan two years ahead of schedule. Output from January to August in 1970 was 34 per cent over the similar period of 1969.<sup>17</sup>

The Ta-ching Oil Field, which produces one-third of the nation's crude oil, increased 150 per cent in its output between 1965 and 1970. The growth rate of output in Ta-ching since 1960 was 36.6 per cent per year.<sup>18</sup>

In terms of growth rate, chemical fertilizer outperformed even petroleum. As the chief supporter of agriculture, chemical fertilizer received the highest priority in development during the past 5 years. However, much of the growth in nitrogenous fertilizer resulted from the establishment of small local fertilizer plants. In 1965, small plants accounted for only 12 per cent of the production capacity. The percentage has since risen to over one-third in 1968,<sup>19</sup> and 43 per cent in 1970.<sup>20</sup> Of the 14 million tons of chemical fertilizer reportedly produced in 1970, some 6 million tons were from small plants. While output by big modern plants rose less than 20 per cent in 1970,<sup>21</sup> output by small plants increased by 60–70 per cent over the previous year.<sup>22</sup> Without adequate technical equipment and quality control, however, fertilizer turned out by small plants must be of low quality.

## ELECTRICITY AND COAL

The coal industry, which suffered a serious setback in the Cultural Revolution, has slowly recovered during the last two years. Various efforts have been made to discover and construct new mines in the provinces south of the Yangtze River and to tax the production capacity of old mines in north China. Although an official report claimed an eight-fold rise since 1965 of capital construction in coal mines in eight southern provinces and an increase in output during 1970 of approximately 70 per cent over that of 1969,<sup>23</sup> the absence of statistics for the major coal fields in the north and northwest suggests that the production level for the coal industry as a whole probably has still been very low. This inference gains support from reports about persistent campaigns for the conservation of coal. Thus, the shortage of coal has probably become more critical.

Constrained by the shortage of coal, the development of electrical power industry in re-

<sup>16</sup> *Peking Review*, No. 40 (September 30, 1970), 19.

<sup>17</sup> *Jen-min Jih-pao*, September 25, 1970.

<sup>18</sup> *Ching-chi Tao-pao*, Supplement, April 18, 1971, pp. 32–33.

<sup>19</sup> *N.C.N.A.*, April 13, 1969.

<sup>20</sup> *Jen-min Jih-pao*, April 13, 1969.

<sup>21</sup> *Jen-min Jih-pao*, April 15, 1970.

<sup>22</sup> *Peking Review*, No. 3 (January 15, 1971), p. 1.

<sup>23</sup> *Peking Review*, No. 3, 1971, p. 10.

cent years has shifted toward the expansion of hydroelectric stations, particularly miniature stations in the rural areas. One major project in recent years is the Lotung Hydroelectric Station with a 45,000 KW capacity built on the Lun-chiang River in Kwangsi, south China, which was in commission at the end of 1970.<sup>24</sup> Impressive progress was made in small stations. According to incomplete statistics, from the winter of 1969 to the spring of 1970 the total capacity of small and medium hydroelectric stations in the countryside more than doubled that of the past two decades.<sup>25</sup> These stations now account for more than 20 per cent of the total electric power on the Chinese mainland.

### PROGRESS IN DEFENSE INDUSTRY

In the defense sector, the electronics industry received most attention. The industry is considered indispensable for automation, radar, television, computers, artificial satellites, guided missiles, communication and navigation. Consequently, the Chinese authorities have launched an all-out drive for accelerating its development. Official reports show that the number of factories and workshops built in the year 1970 was 2.5 times as many as in 1969 and at least 20 times the figure for 1965.<sup>26</sup> In Shanghai, over 100 specialized plants have been engaged in the manufacturing of electronic components and products. The province of Kwangtung has set up 200 electronics factories in the past two years.<sup>27</sup> The number of electronics plants in Peking has doubled in the same period.<sup>28</sup> In Liaoning, Manchuria, some 320 factories and workshops are now in electronics production, which shows a six-fold in-

crease over the 1969 figure. With the mushrooming of these plants, the output of major products in 1970 has reportedly risen by 80 to 350 per cent over that of the previous peak year.<sup>29</sup>

### THE ELECTRONICS INDUSTRY

The Chinese electronics industry can now produce a wide range of components, raw materials and equipment. Among the major products are the five digital electronic computers and static electron accelerators, both indispensable for the nuclear program. An electron microscope with a magnification of 400,000 times was successfully trial-produced in Shanghai.<sup>30</sup> The industry in recent years also has been producing single crystal silicon furnaces, diffusion and sintering furnaces, epitaxial furnaces, high voltage transformers, semi-conductors, magnetic meters, potentiometers, electron tubes, silicon rectifiers, radio transistors, electrolytic machine tools and large capacity electronic elements.<sup>31</sup>

Achievements were also scored in the technology of the shipbuilding industries, now under the control of the sixth ministry of machine-building. Between 1967 and 1970 nine 10,000-ton vessels were reportedly launched in Chinese shipyards. On April 2, 1969, a 15,000-ton oil tanker, the "Tachin-27," was launched, marking a new page in the Chinese shipbuilding industry.

Recent reports from Japan and Taiwan frequently indicate that both the Dairen and Shanghai dockyards have been manufacturing "G-class" submarines equipped with missile launching tubes.<sup>32</sup> In the past few months, Communist China has been equipping the 12,000-ton freighter *Hsian Yan Hung* in a shipyard near Canton with space tracking and telemetry devices.<sup>33</sup>

Substantial progress in nuclear weaponry is shown by the orbiting of two earth satellites within a year. The first satellite, a 381-pound package, was launched on April 14, 1970. Western specialists presumed that an improved version of the medium-range ballistic missile—a rocket with a 1,000-mile range—was used. The second satellite, launched on March 3, 1971, has been estimated to weigh

<sup>24</sup> *Peking Review*, June 18, 1971, p. 23.

<sup>25</sup> *Jen-min Jih-pao*, July 18, 1970.

<sup>26</sup> *Peking Review*, No. 1 (January 1), 1971, p. 15.

<sup>27</sup> Canton Radio—May 15, 1970.

<sup>28</sup> N.C.N.A.—March 31, 1970.

<sup>29</sup> *Peking Review*, No. 1, 1971, p. 15.

<sup>30</sup> *Peking Review*, No. 52, December 25, 1970, p. 25.

<sup>31</sup> *Far Eastern Economic Review*, June 25, 1970, p. 41.

<sup>32</sup> *Far Eastern Economic Review*, Dec. 10, 1967, p. 468 and *Year Book of Chinese Communism 1971*, Taipei, 1970, Section 2, p. 126.

<sup>33</sup> *The New York Times*, May 31, 1971.

486 pounds.<sup>34</sup> The orbiting of these two satellites clearly demonstrates that Communist China is moving toward developing an intercontinental ballistic missile (ICBM) carrying a thermonuclear warhead.

It was also reported that in 1970 Communist China fired a 3-stage missile from a new launch site in northeast Manchuria into Western Sinkiang Province, 2,200 miles away. On the basis of the size of the stages as seen in reconnaissance photos, United States specialists calculated that the missile could have been fired at least 3,500 miles, which would have carried it out over India into the Indian Ocean.<sup>35</sup>

Another major breakthrough in weapon production is China's capacity for producing a jet fighter of her own design. In the past, Communist China copied the Soviet MIG-19 fighter with a capacity of 200 fighters a year. A few of these have been given to the Pakistani and North Vietnamese air forces.<sup>36</sup> More recently, Peking has developed a new fighter, a twin-jet plane, roughly based on the MIG-19 but considerably advanced and different from the Soviet aircraft in several important respects. The new plane can fly at more than twice the speed of sound—roughly 1,400 miles an hour, with a combat radius of 300 to 500 miles.<sup>37</sup>

The development of electronics, shipbuilding, the new jet fighter and the intensive preparation for the first out-of-country tests of an ICBM illustrate Communist China's determination to pursue the status of a major military power at the expense of the civilian sector, particularly the consumer goods industry.

## PROBLEMS AND DILEMMA

By the end of 1969, Chinese industrial output exceeded the level reached before the Cultural Revolution. The year 1970 saw further advances in several civilian industries

and considerable progress in defense production. 1971 marks the inception of the fourth five-year plan. Toward the end of June, official news pointed to the successive upward movement in industrial output. The growth, however, has taken place in the face of many difficulties.

In the first place, there is growing evidence that most factories are facing a critical shortage of capital and raw materials. Expansion of small industries during the past two years was heavily dependent on two sources: local contributions by communal reserve funds and the machinery and equipment lying idle in large factories. This policy resulted in a run-down of inventories and a transforming of unused resources into production assets. With the consecutive anti-waste campaigns, available resources in rural and urban areas have been almost exhausted. Further expansion can be financed only by new savings which in turn will be determined largely by agricultural surplus and profits from industry. In view of the continued growth of population and the regime's deemphasis of profit performance, the rate of saving is unlikely to be high.

Shortage of essential raw materials is also hampering attempts by industrial enterprises to attain a high rate of growth. This very real bottleneck in raw materials has become even more serious in recent months because of the regional self-sufficiency and decentralization program. Under a guideline set forth in 1969, industry is to be decentralized.  
(Continued on page 181)

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<sup>34</sup> N.C.N.A. (New China News Agency), March 16, 1971.

<sup>35</sup> *The New York Times*, May 31, 1971.

<sup>36</sup> Chang Keng-sheng, "A Study of Chinese Communist Manufacture of MIG-19s" in *Issues and Studies*, Taipei, March, 1970, pp. 56-59.

<sup>37</sup> *The New York Times*, May 17, 1971.



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*"... if a reasonable agricultural program can be maintained, and if it is successfully coupled with the development of small-scale industries in the rural areas . . . , it may be possible to free a major portion of the modern sector of the economy . . . to produce for investment goods and modern weapons."*

# Food and Agriculture in Mainland China

BY YUAN-LI WU

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COMMUNIST CHINA'S fourth five-year plan is scheduled to begin in 1971. While details are still lacking, the general nature of the problems of economic development Communist China faces is plain. As for the role of the agricultural sector in furthering economic development, it can best be explained by considering the different uses to which the agricultural output can be allocated.

The agricultural output represents, of course, the production of the rural population, i.e., essentially the farmers. Since the farmers constitute by far the largest portion of the employed, their production, which is at a much lower per capita value than the output of the non-agricultural employed, represents also the fruit of labor of the majority of the working population. Like all other developing countries with large populations, China's problem could be regarded as that of increasing agricultural production while progressively transferring resources into the more productive non-agricultural sectors. However, as long as the latter sectors are small, this process of development (which requires large capital formation) must continue to be based for some time on the effective contribution of the agricultural sector.

In order to maximize this contribution to capital formation by agriculture, it is neces-

sary to minimize the direct consumption of agricultural products by both the agricultural and the non-agricultural population; to minimize the consumption of agricultural products as input for manufactures destined for domestic consumption; and to maximize the amount of agricultural output extracted from the producers through a system of taxation and compulsory purchases. The last measure, or maximizing "extraction," would simultaneously have the effect of restricting direct consumption of agricultural products by the producers themselves. Finally, it is necessary that the maximum amount of direct labor contribution to capital formation be attained.

In general, these measures are precisely the policy Communist China has followed, as may be seen in the rationing of food grains in the cities, the limitation of the amount retained by the producers themselves, the restriction of the domestic supply of such manufactures as cotton cloth and cooking oil, which are "processed agricultural products," and the consistent large-scale employment of draft labor in water conservation, road building and all kinds of intensive labor projects for farm improvement and capital formation in general.

In practice, however, the implementation of these relatively simple principles faces a number of pitfalls. First, if consumption is

too severely restricted, production may be affected adversely. It is difficult to find the appropriate level of consumption as an incentive to maximum effort in production. Incentive apart, there is the additional problem of determining what other factors could increase output and how to bring their influence to bear. During the past 20 years, Communist Chinese policy has exhibited a continual attempt to substitute ideological for material incentives, or Communist devotion and Mao thought for larger rations and the private plot. This tendency was particularly strong during the Great Leap Forward. The same spirit was rekindled under the socialist education movement in 1963. It also underlies the call to emulate the Ta-chai model<sup>1</sup> which has been raised periodically ever since 1964.

As for the manner in which production is to be stimulated, the Chinese Communists, by virtue of their ideological persuasion, began in the 1950's by emphasizing the transformation of the "mode of production." Thus they stressed the beneficial effects of class struggle and of the realignment of institutions, which, after a very brief interlude of private farm ownership, led directly to collectivization and communization.

However, the history of the last 20 years offers sufficient proof that there is continued resistance to the Communist approach, of which the Maoist approach is only an extreme form. There are difficulties in providing incentives and in satisfying the technological and management requirements for increasing production.

<sup>1</sup> At the Ta-chai commune, all members are treated as parts of a homogeneous labor force. They do not have fixed work assignments. These can be changed at any time so as to keep the entire work force continuously employed. Payment at Ta-chai is based on work points. Periodically, the best worker is selected and his work points are fixed first. The work points of all others are then publicly valued and determined accordingly. The net effect is to keep the overall pay and consumption lower than they would otherwise be.

<sup>2</sup> See "The Food and Population Balance: China's Modernization Dilemma," *Current Scene*, vol. IX, No. 6, Hong Kong, June 7, 1971.

<sup>3</sup> These figures are derived from a recent study by Roland and Grace Wu at the Hoover Institution at Stanford University.

## FOOD GRAINS

A special problem which perhaps is still the central issue of Chinese agriculture is the attainment of self-sufficiency in food production. Since food grains contribute some 80 per cent of the total caloric intake in China, the immediate problem is how to attain self-sufficiency in food grains. Of course, there is no economic reason why a country must be self-sufficient in food. If a country can afford to purchase food from abroad in exchange for exports in the production of which it enjoys a comparative advantage, it is economically desirable to import food. The decisive factor in this connection is political and military. From the Chinese Communists' point of view, to be dependent upon imports for food is to be in a poor bargaining position, and militarily intolerable.

An interesting question is whether mainland China today is close to self-sufficiency in food grains. It is not possible to answer this question unequivocally because of statistical uncertainties, which revolve around the level of grain production, the size of the Chinese population and the rate of actual per capita consumption.

On the basis of official statistics, the population of Communist China increased at 2.2 per cent a year during the period of the First Five-Year Plan. Approximately the same rate also prevailed between 1949 and 1957. However, this rate of growth may have decreased after 1957.<sup>2</sup> For the period 1953–1964, based on an estimated population of 712 million for 1964, the rate was perhaps no more than 1.8 per cent a year; for 1957–1964, it would be no more than 1.5 per cent.<sup>3</sup> This decrease in the rate of population growth could perhaps be attributed partly to the period of food shortage after the failure of the Great Leap and the consequent decrease in birth rates, as well as some increase in death rates, and partly to deliberate government policy to control population growth. A renewed campaign for birth control, especially after 1962, and the advocacy of late marriage and a puritanical way of life are important factors in limiting population growth. If the post-1964 population is pro-

jected on the 1964 base of 712 million, at an incremental rate of 1.8 per cent per annum, the 1970 year-end figure would be just about 800 million. This is the same figure advanced by the United States Consulate General in Hong Kong.<sup>4</sup> It is close to John Aird's estimate for the case of "limited development" (Model C)<sup>5</sup> and may be compared with a United Nations estimate of 750 million.

According to Chinese estimates, an appropriate level of grain consumption should be around 270 kilograms a year per capita in terms of unpolished grain, excluding seed grain. Alternatively, the range of 275 to 300 kilograms a year per capita has been suggested as the appropriate level for *all* purposes.<sup>6</sup> There are various Western estimates corresponding to different levels of caloric intake assumed and different amounts allocated to other uses. These, however, also vary from 270 to 300 kilograms per capita a year.<sup>7</sup>

As for grain production, a wide range of estimates exists. The latest official estimate, based on Edgar Snow's interview with Chou En-lai, is 240 million tons for 1970.<sup>8</sup> Estimates by the Japanese foreign ministry range from 220 to 230 million tons.<sup>9</sup> Recent studies by a Hoover Institution team, based on the aggregation of provincial estimates, which are themselves derived from estimates of sown area and unit area yield, point to an output of 215 million tons for 1970.

<sup>4</sup> See *Current Scene*, *op. cit.*, p. 5.

<sup>5</sup> John S. Aird, *Estimates and Projections of the Population of Mainland China* (Washington, D.C.: U.S. Bureau of the Census, 1968), pp. 44-49.

<sup>6</sup> See *Chi-hua Ching-chi* (Planned Economy), No. 2, Peking, 1958, p. 25. Also Chu Ching-chi, *Wo-kuo ti Liang-shih Cheng-ts'e ho Shih-chien Liang-shih Kung-ying Kung-tso* (China's Grain Policy and the Supply of Grain to Cities), Peking, 1958, pp. 11 and 13.

<sup>7</sup> Yuan-li Wu *et al.*, *The Economic Potential of Communist China*, Stanford Research Institute, Vol. I, p. 97 and Vol. III, p. 47.

<sup>8</sup> *The New York Times*, March 13, 1971.

<sup>9</sup> Reported from Tokyo, March 1, 1971.

<sup>10</sup> See footnote No. 7.

<sup>11</sup> See *China Trade Report*, London, March 1969, p. LXXI-17, and *Current Scene*, Vol. VIII, No. 16, Hong Kong, Oct. 7, 1970, p. 7. For comparison, during 1967-1969, the United States exported an average of nearly 2 million tons of rice a year. *Statistical Abstract of the United States*, U.S. Department of Commerce, 1970, p. 779.

If we employ the production estimate of 215 million tons and the population estimate of 800 million, we would obtain a per capita grain supply for 1971 of about 269 kilograms. Allowing for the fact that the population estimate is shaky, it would nevertheless be possible to offset, say, a 5 per cent upward revision of the population figure (from 800 million to 840 million) by a slightly greater than 5 per cent decrease in per capita consumption in terms of grain rations. One is tempted to conclude that Communist China today is more or less self-sufficient in food grain supply, without even counting the annual import of about 4 to 5 million tons of wheat, which approximates 2 per cent of domestic production. One interesting question is whether China can rely on this degree of self-sufficiency in the future and, incidentally, why Peking continues to import wheat if it is not needed for current consumption.

If we assume that Communist China is at this time more or less self-sufficient in food grain, in the sense that the current output if properly distributed, would suffice to maintain a caloric intake of about 1800 per capita per day from grain, this is far from being a starvation, or unhealthful diet, if other foods are also available.<sup>10</sup>

Nonetheless, the continued expansion of grain supply will be necessary for several reasons. First, the demand for food from the continued growth of the population at 1.5 to 1.8 per cent a year will have to be met. In addition, per capita consumption may have to be increased. While the direct consumption of grain per capita does not have to be increased beyond a certain extent, in direct consumption in the form of animal feed and processed foods must rise with increasing dietary variety and better nutrition.

Second, if external markets are available Communist China may choose to increase her grain export. As a matter of fact, the outside observer often overlooks the fact that while the Chinese Communists have been importing wheat, they have also been exporting rice at an average rate of about 900,000 tons a year during 1967-1969.<sup>11</sup> There is little doubt that China will seek to expand

her export of processed foods and of other commodities using agricultural raw materials.

Third, one way to ensure the continuation of an adequate supply of food grain is to raise the level of production so that it could more comfortably absorb any shortfall due to natural disasters.

An examination of recent official reports on grain production shows that grain output fell during 1966 and 1968 as a result of poor weather, while the good harvests of 1967 and 1969 were partly a result of favorable weather. Furthermore, during 1949–1957 a total of 50.8 million hectares of cultivated land were affected by flood. Waterlogging occurred frequently in such provinces as Hopeh, Shantung, Honan, Anhwei and Kiangsu, with severe loss of production. Hopeh, which contains the capital city of Peking, is notoriously deficient in grain supply. Honan, Shantung and Kiangsu (including Shanghai) are also generally food-deficient provinces. One Chinese report indicates that grain damage as a result of flood could reach 10 million tons a year.<sup>12</sup>

Unfavorable weather, such as excessive rainfall, is often accompanied by insect pests. During 1968, for instance, substantial insect damage was reported by the Chinese official press.<sup>13</sup> An earlier report suggests that a 10 per cent increase in grain yield could be easily attained through the effective elimination of insect damage by using farm chemicals.<sup>14</sup>

All this suggests that a very important task facing Chinese agriculture is the attainment of stable yields which are relatively weather-proof and insect and disease resistant. This has to be accomplished along with a rising level of output that could provide for larger exports and domestic consumption.

Finally, attention should be drawn to one provision in the original twelve-year development program for Chinese agriculture, which was first promulgated in 1956. Article 7 of

this development outline stipulates that all agricultural cooperatives except those which produce non-food crops or which are not engaged in food production should attempt to build up within a 12-year period collective and private stocks of grain that would be sufficient for their own consumption over a period varying from 3 to 18 months. The essential purpose when the 1956 program was adopted was to safeguard against severe production shortfalls.

The need for widely distributed large grain stocks has been sharpened as a result of the call to "prepare for war" in the current period, especially in view of the perceived Soviet military threat. In this connection, one suspects that the continued import of wheat in spite of the presumed self-sufficiency that has already been achieved may reflect an effort to build up stocks. One could readily envisage the use of imported wheat for consumption in the large urban centers such as Peking and Shanghai, which would lower the need to transport large volumes of grain from the producing areas and would simultaneously increase local stocks.

Thus it is important that production continue to rise. To attain this objective, the obvious measures are: to increase the supply and proper application of chemical fertilizers; to expand soil conservation efforts, flood control, and effective irrigation; and to introduce improved seeds through selection, breeding and extension. Other measures, such as the introduction of improved farm implements and mechanized and powered equipment to perform some farm jobs more efficiently and to relieve labor shortage at times of peak demand, are also necessary.

The Chinese Communists seem to be fully aware of these technical requirements for increased production. In his interview with Edgar Snow noted earlier, Chou En-lai mentioned that the supply of chemical fertilizers in China had reached 14 million tons in 1970. One suspects that he may have included imports, estimated at about 6 million tons, in this total. Nonetheless, domestic production rose during the past decade from 1.7 million tons in 1960 to 8.5 million tons in 1966<sup>15</sup> and

<sup>12</sup> *Chi-hua Ching-chi* (Planned Economy), Peking, No. 1, Jan. 9, 1958, p. 15.

<sup>13</sup> *New China News Agency*, Peking, November 27, 1968.

<sup>14</sup> *The People's Daily*, Peking, April 12, 1960.

<sup>15</sup> See Yuan-li Wu *et al.*, *op. cit.*, Vol. III, p. 34.

possibly higher levels in 1970. Not only has output been expanded in the modern fertilizer plants, but many small plants have been established in various parts of the country. While not all chemical fertilizers will be used on food crops, increase in fertilizer output will add to expanding grain production.

In the case of irrigation, there has been a steady increase in the employment of power-driven water pumps, partly in conjunction with the program to develop small hydro-power plants for bringing electricity to the rural communities. This effort will continue.

An important obstacle to expanding production at a faster rate is the fact that some measures for increasing production cannot be hurried. The Chinese have found that it takes a long time to reduce the area suffering from alkaline soil, which was in a considerable measure a result of poor irrigation practices during the Great Leap. They have also found that seed selection and breeding require years of relentless work. In particular, the extension program and the distribution of better seeds over large areas are time-consuming and fraught with unexpected problems. There has been an increase in the number of model farms and seed distribution stations, but the benefits have been slow in coming. Degeneration of improved new varieties through hybridization has occasionally brought serious disappointments. The existence of many different micro-climates and growing conditions in the country have complicated the process.

While this is not the place to estimate in detail China's prospects of maintaining a food balance or developing a food surplus, the technical possibility probably exists. The main issue is whether technical feasibility can be translated into reality, and the key lies in the ability and willingness of Communist Chinese authorities to carry out practical farm programs by providing an adequate incentive system for the farmers. This they were not able to do in the 1950's. An important segment of the Communist leadership objected to the pragmatic policy that was instrumental in bringing about the slow agricultural recovery in the early 1960's. The Cultural

Revolution episode again raised unanswered questions on this score. Only time can tell whether Communist China will prove to be her own worst enemy. She will also have to keep her population growth in check.

In conclusion, two points may be advanced for the reader's own speculation. First, if a reasonable agricultural program can be maintained, and if it is successfully coupled with the development of small-scale industries in the rural areas that will provide for the domestic consumption of crude manufactured products, it may be possible to free a major portion of the modern sector of the economy, including modern industry, to produce for investment goods and modern weapons. The investment goods will serve primarily to expand the modern sector itself, while the flow of modern weapons will be used to build up Peking's political power, both internationally and at home. This dualistic approach to economic development may offer a viable strategy, and it may indeed be the formula Peking is trying to adopt.

Second, there is no reason why Communist China should not engage in the world trade of staple foods on a larger scale, even if self-sufficiency has been attained. Why should China not export more rice and import more wheat, if there is political payoff in both activities and an economic gain to boot (because of price differences between wheat and rice)? Market availability and shipping charges may constitute obstacles, but such conditions can and will change. In view of the popular desire to increase trade contacts with China, the role Peking will play in the world market of agricultural staples needs to be examined with far more care and imagination than seems to have been exercised so far.

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*"By means of the Cultural Revolution, Mao sought to train revolutionary successors—new Communist men who were selfless, disciplined, industrious and willing to die for the revolution. Yet have the Maoists created the forces and institutions which would produce this new kind of man and which would prevent the bureaucratism and revisionism Mao so feared?"*

## The Aftermath of China's Cultural Revolution

BY MERLE GOLDMAN

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**D**ID THE CULTURAL REVOLUTION which took place in China from the end of 1965 until the closing months of 1969 realize Chairman Mao Tse-tung's revolutionary vision? To understand the question, it is necessary to understand what Mao meant by Cultural Revolution. Fearing that the revolution which he and the Chinese Communist party (C.C.P.) had begun was losing its original dynamism, in the mid-1960's Mao embarked on a final effort to revitalize the party by recapturing the ideological values that prevailed at his guerrilla headquarters in Yen-an in the late 1930's and early 1940's. In Yen-an, he and his followers were filled with idealism, self-sacrifice and willingness to work without concern for material incentives. They were workers, farmers, soldiers and administrators committed to the cause of the revolution. With this spirit, Mao had been able to overcome insurmountable odds to establish the C.C.P. as the government of China.

By the mid-1960's, he concluded that a similar dynamism was needed to halt what he considered to be the evolution of Chinese society into a Soviet-style revisionism with privileged classes, stifling bureaucratism and capitalist incentives. Through a transformation of consciousness Mao sought to mold

revolutionary successors who would continue the spirit of the guerrilla movement even after his death. In this effort he was resisted by the party apparatus headed by Liu Shao-ch'i. Not only had the apparatus become disillusioned with Maoist policies because of the failure of the Great Leap Forward, but many in the party hierarchy believed that the guerrilla spirit could not be imposed on an established society that wanted a settled way of life, a higher standard of living and some intellectual freedom. This led to a power struggle between the party apparatus and Mao. Aligned with Mao were the military, led by Lin Piao, radical party ideologues and the Red Guards. So as the Cultural Revolution progressed, it also became a purge of the party.

After almost four years of upheaval in which the party was virtually destroyed and China's urban inhabitants capitulated in a state of emotional frenzy, the results have fallen short of Mao's expectations. Instead of producing the social, political and, most important, ideological transformation Mao considered necessary, the Cultural Revolution produced results Mao had not anticipated. The consequent restructuring of China's political institutions does not reflect Mao's revolutionary values; the restructuring

of the economic and educational system partially does.

### POLITICAL AFTERMATH

The political structure that the regime is now rebuilding is a retreat from the Maoist vision. The model of the Paris Commune espoused in the early days of the Cultural Revolution and the expectation of sweeping changes and experimentation faded in the chaos caused by the conflicts between Maoists and party groups and rivalries among Red Guard factions. As factionalism spread, the army, called the People's Liberation Army (P.L.A.), was directed to establish order. While almost all organized structures were in a state of disruption, the P.L.A. was relatively immune, the only disciplined force that could administer the country.

Consequently, as Mao and his followers rebuilt what Mao had ordered destroyed, it was inevitable that the P.L.A. would predominate. Revolutionary committees which began to be established in 1968 were the first political organs to fill the vacuum caused by the destruction of the governmental and party administration. Theoretically, these committees, which were set up from the lowest to the highest level, were to be composed equally of the military, reformed party officials and representatives of mass organizations. In reality, the revolutionary committees were dominated by the military.

This military trend is even more pronounced in the rebuilding of the party, which began slowly in late 1970 and is continuing today. With most of the new party committees now reestablished on the provincial level, a pattern emerges: most of the first secretaries are also on the revolutionary committees. The provincial party committees are top-heavy with military men, a number of whom were long associated with Lin Piao, Mao's appointed successor. There is also a growing proportion of rehabilitated party officials whose expertise is increasingly needed as China gives more attention to economic development. But there is only a sprinkling of representatives from mass

organizations, fewer than exist in the revolutionary committees.

In Chekiang, for example, a new party committee was established early in 1971 in which all six top officials were military commanders. Yet a prominent revolutionary with impeccable Maoist credentials who held a senior position on the revolutionary committee failed to win a similar place on the Chekiang party committee. This was true in the Anhwei party committee where a discredited party official won the third highest position, but a worker and a peasant who had high positions in the provincial revolutionary committee established in 1968 failed to win places in the new leadership. Since the relationship of the provincial party committees to the provincial revolutionary committees is comparable to their relationship to the provincial governmental administration prior to the Cultural Revolution, membership in the provincial party hierarchy is pivotal. The breakdown of the bureaucratic party hierarchy by the infusion of the masses and even of youth as Mao had envisioned has still not occurred in the provincial administration.

Nor has this breakdown occurred in the central administration at the party or governmental level. There has been an injection of new blood by the infusion of individuals who came to the fore in the Cultural Revolution, but they are not the revolutionary successors Mao had expected to produce through the Cultural Revolutionary struggle. About 60 per cent of the 170 full members of the Central Committee and 12 of the 21 members of the Politburo are military men. In the government, few of the original ministers continue to run their ministries. The military men who assumed control of the ministries during the Cultural Revolution for the most part have been appointed as ministers, formalizing what already existed. At the central level, not unlike the military elsewhere, the military have shown themselves more concerned with reestablishing order than with carrying out revolution. Thus, as China moves toward stability and institutionalization, the military has increasingly

gained in the provincial and central government at the expense of the earliest and most ardent exponents of Mao's Cultural Revolution.

The exception to this pattern is Shanghai, the base from which the Cultural Revolution was launched. The radical ideologues who were associated with Mao's wife, Chiang Ch'ing, and whose articles initiated the Cultural Revolution still wield power there. The most prominent, Chang Chun-chiao and Yao Wen-yuan, have not only become First and Second Secretaries of the new Shanghai party committee but are also members of the Politburo. The committee also includes two workers who were active in the Workers' Revolution Rebels organization that captured Shanghai for the Maoists. Excluded from the committee are three senior military officers who had been members of the Shanghai revolutionary committee. Whereas provincial party committees established throughout the country are weighted more toward the military than toward the revolutionary committees, the Shanghai party committee moved in the opposite direction. Shanghai, rather than the central administration at Peking, represents the Maoist vision of the Cultural Revolution.

### THE ECONOMIC AFTERMATH

China's fourth five year plan launched in 1970, though not neglectful of heavy industry (particularly defense industry), stresses the transformation of agricultural production as the prerequisite for economic advance. This focus reflects another aspect of Mao's conflict with the party apparatus. Whereas Liu Shao-ch'i and his supporters favored centralized economic planning and emphasized technical expertise, Mao favored a more decentralized, self-reliant economic operation, with special attention to the gap between rural and urban areas and between expert and worker. Thus, for ideological as well as defense reasons, the present economic drive calls for the dispersion of industry throughout the country, often integrated into local farming communities. A crucial part of this program is the mechanization and diversification

of rural work. In addition to their regular labor, peasants are now asked to work on a vast array of projects in irrigation, water conservancy, electricity, mining and manufacture of agricultural tools.

Ironically, this economic program, with its emphasis on economic decentralization, rural initiative and ideology resembles Mao's disastrous Great Leap Forward of the late 1950's. But this time the slogan "leap forward" (as opposed to "Great Leap Forward" used earlier) suggests that Mao and his associates may have learned from their previous experience. Unlike the Great Leap Forward, projects are to be planned more carefully, implemented less haphazardly, and paced realistically. For instance, water conservation and land reclamation projects are to be carried out in the winter season, when peasants are less busy with their crops. Taxes on agricultural output remain relatively low, and a part of the capital generated by agricultural surpluses is to be put back into local industry. Though guidelines are provided by the center, local authorities are given some discretion in allocating funds. Industries developing in the Chinese countryside are to be oriented more toward meeting local needs than national ones.

In contrast to the Great Leap Forward, there is no full-scale campaign to catch up with Great Britain in 15 years, and there are no wild claims to production records. The accent is on quality and usefulness rather than on quantity and percentage increases. There are sure to be many uneconomic enterprises and much wasteful production. But it could be that the tremendous reservoir of manpower may make small, labor intensive type industries economically feasible for China, although the establishment of a myriad of small rural industries would be economically unsound in most societies.

It is unlikely this approach has already produced results. Nonetheless, political stability, good weather and increasing use of fertilizers, better seed strains and augmented irrigation facilities have brought recovery in most economic sectors. The Japanese foreign ministry estimated that China's Gross

National Product climbed by ten per cent in 1970. Although 1970 was a record economic year, this does not necessarily mean an improved standard of living for China's 750 million people. The recessions of the Cultural Revolution and, most important, the Great Leap Forward, set back China's growth at a time when the population was increasing by 10 to 15 million a year.

Yet there has been a new awareness of the need for population control. Birth control campaigns, which have been carried out intermittently and half-heartedly since the regime was established, had been suspended in the Cultural Revolution as they had been in the Great Leap Forward. In another facet of the effort to level the differences between city and country, thousands of doctors have been sent to the countryside. Concomitantly, there has been large-scale training of paramedics, called "barefoot doctors." They have been dispersed throughout the villages to teach birth control, once again an officially-approved policy.

Yet these economic programs, like the political measures, have evoked muted grumbling that the Mao vision as expressed in the Cultural Revolution is not being fulfilled. One of Mao's arguments during the Cultural Revolution was that private ownership of land encouraged his opponents' efforts to introduce Soviet Premier Nikita Khrushchev's "goulash communism" into China. Some of the more radical ideologues called for an abolition of the peasants' right to cultivate their small plots and to earn extra money by spare-time activities. They also called for the elimination of material incentives and wage differentiation. The authorities have recently rejected these demands as "a priori idealism," an indication that they are still being expressed. Officials appear reluctant to tamper with the present rural organization for fear the peasants might be less willing to work. Today, they are more interested in production than in pushing the peasants quickly into a state of communism. Although promises of high wages to boost production are strongly condemned, peasants are paid more if they put in more effort. At

present, the leadership is giving more attention to the new five year plan than to the revolutionary struggle.

## EDUCATION

In his later years, Mao has been preoccupied with education because it is through the change of consciousness through education that he expects his revolution to continue after his death. One of his first moves in the Cultural Revolution was to close the universities because he believed that they were propagating views contrary to his vision. He charged that Liu Shao-ch'i and his associates' concern with imitating Soviet and Western educational institutions and with the creation of an elite class of experts contradicted the attitudes of unselfishness and egalitarianism he considered necessary for a revolutionary society.

The Cultural Revolution has perhaps had its greatest impact on education. The educational system and its curriculum and teaching methods have been reorganized. Some of these changes were experimented with in the Yen-an period; they were tried in the Great Leap Forward and were reasserted in the Cultural Revolution. After four years of closure, the universities began to reopen very slowly in 1970. As in the economic sphere there is an effort to break down the gap between classes and among various modes of work. Entrance into the universities is no longer dependent on examinations which had made it possible, Mao claimed, for the bourgeoisie to dominate education.

Now there is a different path to education. Primary and secondary school education has been reduced from twelve to nine years. By the time of graduation, when the student is 16, he goes straight into a factory or a collective. After about two years of physical labor, he may be approved by his parent, body, factory or collective, for admission into an institution of higher learning, where the number of years has been reduced from four to two or three years. The criteria of admission is not how much one knows, but how firmly one is committed to Maoist principle and how well one works. In reality, the

criteria could also be how well one knows the leaders of his parent body. Nevertheless, this approach brings into the universities peasants and workers whom Mao considered neglected in the previous educational system.

Not only the organization but also the substance of education has changed. The university is no longer just a center of higher education, but is linked to the production process. It expresses Mao's concern with the unity of knowledge and practice. Shanghai University has a factory attached to it and Wuhan University runs 10 factories of its own. As decreed by Mao in July, 1969, priority is given to the technical and applied sciences. There is little indication that the liberal arts courses have been resumed. Furthermore, there is a Maoist content to most studies. Because foreign scientific journals must be read, foreign languages are learned in conjunction with scientific courses. The combination of education with production is supposed to reduce the gap between intellectual and manual labor. The profits of production are to support the educational unit attached to the factory. This is a further decentralization of the economic system.

Is this educational program as unique and revolutionary as the Maoists claim? The concept of education as character building, the rejection of foreign models, the devaluation of theoretical studies and the combination of manual labor with education have sometimes characterized other modernizing societies. Moreover the half-work, half-study approach had been promoted by Mao's supposed arch enemy, Liu Shao-ch'i, as early as 1958. In actuality, Mao's program has compromised with the current economic drive of the five year plan. Although thousands of intellectuals and officials have been sent to labor with the peasants and workers, a number of old professors have remained in the universities to speed up the training of scientific and technical personnel. The view expressed in the Cultural Revolution that teachers should not teach unless they were completely remolded has now changed: professors are remolded while they teach.

Furthermore, moderation has been recommended in the treatment of old teaching materials and foreign scientific achievements. Instead of calling for the destruction of old culture and foreign influences, the authorities now urge the people "to make the past serve the present and foreign things serve China." It is unlikely, also, that learning a foreign language purely for technical purposes can screen out foreign concepts. The Maoists may be as unsuccessful in doing this as their predecessors, the nineteenth century self-strengtheners.

The Cultural Revolution unleashed forces in the universities which Mao had not anticipated. When student groups were paralyzed by factionalism and unable to complete the educational revolution, combined army and worker teams entered the universities in 1968 and established revolutionary committees. Although there has been a simplification of departments and curriculum, a new bureaucracy has arisen in the universities in which the P.L.A. plays an influential role. Of the 24 members of the revolutionary committee of Chungshan University, five are members of the P.L.A. It is likely that as more stress is placed on training people to carry out the five year plan more professional bureaucrats may assume the administration of higher education.

The area in which Mao's ideas have been most fully realized is in the cultural arena. In this respect Mao may have produced a true cultural revolution. For many years Mao has considered literary works as covert yet very serious threats to his programs. Hence literature, as it is known in the West or even in China prior to 1966, did not exist during the four years of Cultural Revolution. Not a single work of fiction nor a single feature film was produced. To replace literature, amateur worker, peasant and soldier writing groups under a leader would compose anonymous short verses. No traditional operas, music or plays have been performed. In their place, ten standard dramatic works which express the Maoist view were developed during the Cultural Revolution under the direction of Chiang Ch'ing.



Although her influence has waned in other fields, she still appears to exert considerable influence in the cultural realm.

### THE OUTCOME OF THE CULTURAL REVOLUTION

By means of the Cultural Revolution, Mao sought to train revolutionary successors—new Communist men who were selfless, disciplined, industrious and willing to die for the revolution. Yet have the Maoists created the forces and institutions which would produce this new kind of man and which would prevent the bureaucratism and revisionism Mao so feared? Although there has been some realization of Mao's vision in education and culture and there are some economic changes still to be implemented, the decisive factor may be the political system. The Maoists have broken down one status quo. But they have created a new one, with the added ingredient of the army. With increasing emphasis on economic matters there has been a gradual infiltration of the old, experienced party officials into the bureaucratic structure. While reduced and simplified, will this new mix be any less bureaucratic, less stifling or more conducive to producing the new man than the party apparatus it replaced?

A crucial question is whether the dominant position of the P.L.A. may, as the Soviets claim, turn China into a military dictatorship. The answer is not simple. Unlike career military men in the West, the military establishment in China is highly politicized. Those who form the sinews of the P.L.A.'s political power come from the general political department of the P.L.A. They are political commissars who are gradually outnumbering the purely military men involved in administration. Prior to the Cultural Revolution, Lin Piao had developed a core of ideologically "pure" political officials parallel to the party. These officials rose to power during the Cultural Revolution.

The employment of soldiers at all levels of administration occurred in the early years of the regime. Gradually the military relinquished its powers to civilian administra-

tors. The shift may be more difficult this time. In the process of regaining the power Mao believed he had lost, he destroyed the party apparatus and disrupted government functioning. Despite the current drive to rebuild the party, the new party committees have been established at the top levels but have not yet reached the grass-roots as they did before the Cultural Revolution. It is questionable whether, after Mao's onslaught against it, the party will again be able to re-establish its once tremendous power. The mystique with which it was surrounded has been broken. The highly centralized authority has unraveled to a certain extent in a loose array of provincial power structures more responsive to local conditions than to Peking. The decentralization of the economic and educational system intensifies this tendency. The divisions between Peking and the provinces are also reflected at the center. Though Chou En-lai appears to have taken over the reins of government—another reason for China's more moderate course—there are competing groups, the more radical ideologues associated with Chiang Ch'ing and the military under Lin Piao. Most likely, these groups will compete and compromise at the center and will compete and compromise with conflicting groups in the provinces. While they have worked together to recover from the Cultural Revolution, what will happen when Mao disappears from the scene?

Finally, there is the future of the millions of aroused Chinese youth—the Red Guards—committed to Maoist ideals. Literally millions of Chinese youth have been removed to rural areas. They were politically activated in the Cultural Revolution; is it now possible to silence them by sending them to the boondocks? Will they unquestioningly

*(Continued on page 182)*

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*"During the decade of the 1970's, barring unforeseen international events, it appears that the Nationalists will have to reach an accommodation either with the Taiwanese on the island or the Communists on the mainland."*

# Taiwan's Chinese Nationalist Government

BY MARK A. PLUMMER

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THREE "GOVERNMENTS" claim title to Taiwan, the lush, densely populated island located 100 miles off the coast of mainland China. The mainland People's Republic of China promises to liberate the island province. Leaders of a Taiwanese independence movement, most of whom are in exile in Japan or the United States, noisily insist that Taiwan should be independent of both the Nationalist and the Communist governments. But the island is firmly controlled by the Nationalist government of the Republic of China, which has achieved an "economic miracle," promoted political stability if not liberal government, and maintained a seat on the United Nations' Security Council since the retrocession of the island at the end of World War II. In addition, Japan, Taiwan's former colonial master, has significant economic interests in Taiwan, and the United States government has a military commitment to defend the island.

Taipei, Taiwan, has been the "temporary" capital of Chiang K'ai-shek's Republic of China since the Communist victory on the mainland in 1949. Chiang and his ruling party, the Kuomintang (KMT) maintain that they are upholding the traditions of Sun Yat-sen and the Revolution of 1911 which overthrew the last Chinese dynasty and established the Republic. Since Sun's death in 1925, Chiang has headed the KMT and, ex-

cept for a few months, has continuously served as head of the government. Elected as the Republic of China's first President under the new constitution of 1947, Chiang resigned in 1949 as his mainland government was collapsing, but he resumed the presidency on Taiwan in 1950. Chiang vowed to use Taiwan as a base from which he would launch a counterattack against the Communists. When the counterattack was thwarted by the strength of Mao Tse-tung's government and the restraining influence of the United States, Chiang began to promote Taiwan as a model province which would serve as an example for future mainland rule.

Although Taiwan had not been a part of the Republic of China before 1945, it had been Chinese for centuries. Except for a small group of aborigines, Taiwan is populated by Han Chinese. Seventy-five per cent of today's Taiwanese are descendants of settlers who migrated from China's Fukien province, and about 13 per cent are Hakka people who came from southern China. Western powers, especially the Dutch, the Spanish, and the Portuguese (who named the island Formosa or beautiful) gained short-lived footholds in the seventeenth century, but the Chinese immigrants dominated the island.

Koxinga, a Chinese defender of the Ming Dynasty, expelled the Dutch in 1661. The Manchu Dynasty later asserted its control and

Taiwan was made a province of China in 1886, at which time it had a population of about 2.5 million people. At the conclusion of the Sino-Japanese War of 1894-1895, Taiwan was ceded to Japan, which ruled for the next half century. Under Japanese management, agricultural development was enhanced and the transportation and communication system on the island was modernized. The Taiwanese, however, were allowed almost no political participation, although the level of education was raised under Japanese colonial rule.

At the end of World War II, the government of the Republic of China accepted the surrender of the Japanese forces on Taiwan and began ruling the island as one of its provinces. The Taiwanese greeted the Chinese soldiers as liberators, but the mainland officials often treated the Taiwanese as Japanese collaborators and frictions began to build. The government of Chiang K'ai-shek, preoccupied with the Communist threat on the mainland, sent inefficient and corrupt officials to rule the island.

On February 28, 1947, an event occurred which led to the infamous "Tobacco Massacre," an incident involving the black market sale of cigarettes. Attempts by agents of Provincial Governor Chen Yi to arrest the offenders were resisted and someone was shot during the fracas. Several days of indiscriminate violence against mainlanders followed while some Taiwanese attempted negotiations with the governor. The governor, contrary to his agreement, called for army reinforcements and several thousand Taiwanese were killed. Many of those killed were students and sons of influential landlords. Chen Yi was removed as governor and later executed for another offense, but the governance of the island was little improved until the National government moved to Taiwan in 1949.

#### **AID FROM THE UNITED STATES**

In 1949 and 1950 it appeared that Taiwan would fall to Mao's armies, but the outbreak of the Korean War in 1950 caused a reversal of United States policy and United States President Harry Truman ordered the "neu-

tralization" of the Straits of Taiwan. By 1952, agricultural production was back to its prewar production level, but the population had grown to eight million. The government decided to carry out a land reform program which it had been unable or unwilling to establish on the mainland. Buttressed by renewed United States aid, the program was completed over the next decade; land ownership for most farmers and a remarkable increase in productivity followed.

Other facets of the economy were radically improved, and after pouring \$1.5 billion of economic aid into Taiwan, the United States aid mission was closed in 1965 because of its success. During the years of United States aid the annual growth rate in terms of Gross National Product (GNP) increased an average of seven per cent annually, one of the highest rates in the world.

When the seat of the government of the Republic of China was moved to Taiwan, much of the government apparatus, designed to rule all of China, was focused upon the island. Members of the National Assembly and the Legislative Yuan (branch) who had been elected on the mainland in 1947 and 1948 ruled Taiwan, the only area remaining under their jurisdiction. Less than five per cent of the government officials were native Taiwanese. When the legislators' terms were due to expire in the early 1950's, their powers were extended indefinitely pending the liberation of the mainland.

Chiang was reelected President by remnants of the National Assembly when his six-year term was completed in 1954. In spite of his insistence that no changes should be made in the 1947 constitution pending the recovery of the mainland, alterations were made in the "temporary provisions" of the constitution to allow Chiang to be reelected beyond two terms in 1960.

While maintaining complete control of national and international affairs, the government promoted the establishment of a Taiwan Provincial Assembly in 1959. Although the provincial governor continues to be appointed by the national government, the Assembly is popularly elected and has broad domestic

powers. City and county officials are also elected in highly contested elections. The KMT party usually manages to elect 70 or 80 per cent of the local officials although most of the officeholders are Taiwanese natives. Independent candidates are often elected as mayors of the major cities. Martial law remains in partial effect, and elective officials dare not challenge certain national goals such as the "return to the mainland."

The national government, which wishes to maintain the image and some of the substance of constitutional government, is faced with a high attrition of its elected officials. After a freeze in office of more than 20 years, membership in all the elected bodies has been greatly reduced and less than a majority of the original members remain. To check this trend, national elections were held late in 1969 in Taiwan, the only "liberated area." Thus 26 Taiwanese were added to the National Assembly and the Legislative Yuan, but Taiwanese still account for only a small per cent of the total membership. The government seems to be moving toward some further liberalization of the rules to prevent the dissolution of the elective bodies.<sup>1</sup>

### LEADERSHIP IN TRANSITION

Although President Chiang K'ai-shek (b. 1887) is an important exception, administrative leadership has quietly passed from Chiang's contemporaries to a younger generation. The transition meets little resistance because it is led by the President's eldest son, Chiang Ching-kuo. Now age 61, Ching-kuo has served his apprenticeship as head of the Youth Corps, the Veterans Bureau, the security agencies, and as Minister of National Defense. Since the death of Vice President and Premier Ch'en Ch'eng in 1965 and the selection of C. K. Yen, a technocrat with no independent power, as his successor in 1966,

Ching-kuo has clearly emerged as the number two person in power. More recently, backers of his stepmother, Madame Chiang K'ai-shek, have been quietly removed from positions of power in favor of Ching-kuo's men.

In 1969, Ching-kuo became Vice Premier and head of a newly created committee which makes him a virtual czar over Taiwan's burgeoning economy. He is number two in the KMT party which has also been infused with members of the younger generation. If President Chiang should step aside, Vice President Yen could become President and Ching-kuo could become Premier. Because the constitution is vague, the premiership could become more powerful and the presidency more ceremonial, and the appearances of the creation of a "Chiang Dynasty" could be avoided.<sup>2</sup>

Because President Chiang has vowed not to leave Taiwan until he can liberate the mainland, his son is often received by foreign governments with all the courtesies usually reserved for a head of state. In spite of his recent exposure in the United States and Japan, however, Ching-kuo is still something of an enigma. In 1925, he traveled to the Soviet Union for study, apparently with his father's blessing. He attended Moscow's Sun Yat-sen University and various political and military schools and, apparently against his father's will, he remained in Russia for 13 years and married a Russian. He later emerged in Taiwan as a tough and shrewd administrator. He shows proper deference to his elders, and he is popular with the soldiers and flexible in dealing with the Taiwanese majority.<sup>3</sup> Many Taiwanese fear him, however, because of his association with the secret police and because of the possibility that he might make a deal with the Communists, unlikely as that may be.

### ECONOMIC DEVELOPMENT

Chiang Ching-kuo's desire to be identified with Taiwan's economic development is understandable when the favorable statistics are examined. According to United States Embassy figures for 1970, Taiwan's GNP increased 10 per cent to a total of \$5.4 billion. Industrial production rose 17 per cent and

<sup>1</sup> J. Bruce Jacobs, "Recent Leadership and Political Trends in Taiwan," *The China Quarterly*, No. 45 (January/March, 1971), pp. 129-54.

<sup>2</sup> For details see my "Taiwan: Toward a Second Generation of Mainland Rule," *Asian Survey*, X (January, 1970), pp. 18-24.

<sup>3</sup> Jonathan Unger, "Heritage in Dispute," *Far Eastern Economic Review*, No. 6 (February 6, 1971), pp. 18-19.

foreign trade rose about 35 per cent to \$3 billion. Inflation was moderate, with a 3.6 per cent increase in consumer prices.<sup>4</sup> Savings were up 26 per cent as per capita income neared \$300, one of the highest in Asia.

Taiwan, one of the world's most densely populated countries, with 407 persons per square kilometer, is feeding her people abundantly while exporting products valued at more than 75 per cent of that exported from the mainland with its 800 million people and its land mass which is 260 times greater than Taiwan's. Nationalist authorities place the mainland per capita income at \$90, or about one-third of that on Taiwan.

Taiwan's remarkable growth, which averaged 7 per cent annually with United States government economic aid, has averaged 10 per cent annually since the mission closed in 1965. Foreign investment in Taiwan in 1970 was \$138 million, which is more than the average annual United States aid had been. With a trade surplus, foreign exchange holdings of \$656 million, and assurances of generous development loans from Japan and various international banking agencies, Taiwan's continued economic development seems assured.<sup>5</sup>

Taiwan's economic planners are concerned about two potential problems, one international and one local. Because Taiwan's exports represent 25 per cent of her GNP (compared to about 5 per cent for the United States) the island's economy is particularly vulnerable to trade quotas or protective tariffs which may be imposed for political or economic reasons. Japan and the United States, as Taiwan's number one and number two trade partners, are of special concern. The planners are meeting this challenge by soft-

ening their rigid policy against trading with countries which recognize or trade with Communist China, by diversifying their products, and by increasing their trade within new market areas such as Europe.

The local problem concerns the plight of the farmers. The success of the land reform and industrialization programs has contributed to a relative decline in remuneration for the farmers. When the land reform program forced the transfer of land from the landlords to the peasants who had been working the land as tenants, it increased farm production and income. As farm machinery has recently become available, however, the individual plots, which average about 2.5 acres, have become too small for profitable farming. Their average size is being further reduced by an inheritance system which allows plots to be divided among sons. Cheap farm labor has been drawn to the factories where the wages are better. The planners are promoting greater consolidation but there will be much dislocation and dissatisfaction during the period of rapid change.<sup>6</sup>

### **TAIWANESE INDEPENDENCE MOVEMENT**

A Taiwanese independence movement has surfaced recently after years of apathy and inaction. The native Taiwanese, who constitute more than 90 per cent of the 15,000,000 population of Taiwan, resent having a mainland government imposed upon them, but they have accepted it nonetheless. There are many reasons for their acquiescence. Both the mainlanders and the Taiwanese "are essentially Chinese in their social and political outlooks as in their ancestry";<sup>7</sup> although the mainlanders and their sons tend to be placed in the better government positions, Taiwanese control most of the better paying jobs in private enterprise; the police and military are officered almost exclusively by mainlanders; government control over the press is effective; and many Taiwanese have been co-opted because they have been admitted to the KMT and allowed increased participation in local government.

The Taiwanese independence movement has, therefore, been more active abroad than

<sup>4</sup> "Worldwide Business Outlook," *Commerce Today*, April 5, 1971, p. 43.

<sup>5</sup> See William Glenn, "Isolation's Inventory," *Far Eastern Economic Review*, No. 2 (January 9, 1971), pp. 27-28; and *Free China Weekly*, June 6, 1971.

<sup>6</sup> See April Kimley, "The Forgotten Providers," *Far Eastern Economic Review*, No. 6 (February 6, 1971), p. 6.

<sup>7</sup> Sheldon Appleton, "Taiwanese and Mainlanders on Taiwan: A Survey of Student Attitudes," *The China Quarterly*, No. 44 (October/December, 1970), p. 56.



at home. In the United States and Japan, there are several thousand Taiwanese, mostly students, who support neither Mao nor Chiang. Because their organizations have been splintered and because only 10 to 20 per cent of the students are politically active, their activities have been largely ineffective.<sup>8</sup> The recent changing attitude in the United States and in the United Nations toward the Taiwan question, however, has stirred considerable activity both in Taiwan and abroad.

Suggestive of a new vigor in the Taiwanese independence movement is the alleged assassination attempt on Chiang Ching-kuo during his April, 1970, visit to the United States. The two Taiwanese involved were members of an independence group. Also in 1970, Professor Peng Ming-min, the most famous advocate of independence in Taiwan, escaped from the island, which suggests either that the Nationalist police are not so efficient as had been supposed or that the independence group in Taiwan is better organized than had been assumed. Several mysterious explosions and a special police alert on February 28, 1971 (the anniversary of the "Tobacco Massacre"), may also be connected with the movement. The recent expulsion from Taiwan of an American missionary who had maintained contacts with Taiwanese nationalists and the arrest of a number of outspoken Taiwanese also point to a new concern by the government.

Perhaps more telling than any of these scattered events is the fact that the government and President Chiang have recently condemned the independence movement, reversing their previous policy of maintaining silence on the subject. Speaking to members of the International Press Institute in May, 1971, Chiang charged that the "Formosan Independence Movement" has only a handful of followers and that they are financed by Mao and the Chinese Communists. The indepen-

dence movement is also anathema to the Communists, however; they denounce it as an imperialist plot of the United States and Japan to revive the "old two-China plot."<sup>9</sup>

The internal threat against the Nationalist government on Taiwan is insignificant in comparison to the threats which loom on the diplomatic horizon. Communist China's participation in the Korean War, her intransigency during the Great Cultural Revolution, and the United States backing given to the Nationalists once assured the maintenance of the Republic of China's Security Council seat in the United Nations. However, with the advent of "ping-pong" diplomacy between the United States and the mainland People's Republic of China, United States President Richard Nixon's projected visit to Peking, and the State Department announcement that the status of Taiwan is an "unsettled question," the Republic of China is insecure.

Relations with Japan, Taiwan's other major trading partner, are also severely strained because of Japan's haste to trade with the Communist government and because of a dispute over the ownership of the potentially oil-rich Senkaku Islands located between Okinawa and Taiwan. In addition, in 1970 and 1971 a significant number of countries have switched their diplomatic recognition from the Republic of China to the People's Republic of China. The trend suggests that the United Nations will move to seat the People's Republic in 1971 or 1972.

The Nationalists are mustering their forces to counter the Communists' diplomatic offensive. They have sent 44 assistance teams to underdeveloped countries, especially in Africa. These teams have been particularly successful in teaching better methods of farming, and they have won wide praise for their effectiveness. The government is pointing out to Japan and other countries that trade with the mainland government is illusory while trade with Taiwan has already reached significant levels, and on a more favorable basis. Japan, for example, exported products in the amount of \$582 million to Taiwan in 1970 while spending only \$235 million on Taiwanese products. Total Japanese trade with

<sup>8</sup> See Douglas Mendel, *The Politics of Formosan Nationalism* (Berkeley: University of California Press, 1970).

<sup>9</sup> Chiang's statement is quoted in the *Free China Weekly*, May 31, 1970. For the Chinese Communists' attitude see "US-Japanese Reactionaries Step Up 'Taiwan Independence Movement' Plot," *Peking Review*, March 6, 1970.

mainland China in 1970 reached approximately the same total but the mainland government purchased far less than Taiwan.

The Nationalist government also argues that it has established an excellent record as a member of the United Nations and that it should not be expelled while a government which was condemned by the United Nations in the Korean War is rewarded with membership. Friends of the Nationalists note that Taiwan has a larger population than two-thirds of the United Nations members (larger than Australia or Sweden, for example) and deserves continued membership.

Both Japan and the United States have strategic interests in Taiwan, and they are not anxious to have Taiwan fall into unfriendly hands. Some United States Defense Department officials are pushing the view that as their Okinawa and Vietnam forces are reduced, Taiwan will become more important as a friendly base which would pose no restrictions on armaments, including atomic devices. In preparation for such an eventuality, Chiang K'ai-shek has committed \$30 million of his government's money to extend the runways of Taiwan so they can handle B-52 bombers. Taiwan also provides an excellent intelligence base for watching mainland China.

The Nationalists have an army of 550,000 men and a considerable independent capacity to maintain Taiwan's armed forces. United States military assistance groups are being phased out, but Taiwan is capable of assembling and maintaining her own ammunition, weapons, and trucks. There are no United States combat troops in Taiwan, but several thousand United States personnel man a Vietnam supply base in central Taiwan. The United States Seventh Fleet now maintains only radar ships in the Straits of Taiwan. The United States government will have to weigh political and diplomatic considerations against the strategic military advantages of maintaining forces in Taiwan. If the United States should leave the area, Japan may take steps to protect the island from unfriendly countries.

The Nationalists' persisting diplomatic ef-

forts seem to have failed in their attempt to maintain the ROC as the only government of China. Unless they accept a "two China" or a "one Taiwan-one China" solution they may find themselves outside the United Nations organization. They may prefer non membership to sitting in the United Nations with the Chinese Communists.

There are some faint signals, however, that the leadership is considering an implicit acceptance of a two-China resolution in the belief that the People's Republic of China will refuse to join a United Nations which includes a separate Taiwan. Any two-China solution will tend to undermine the justification for the existence of the present government on Taiwan but the government has the power to perpetuate its rule without theoretical justification.

Acquiescence in the two-China solution would cause great loss of face to the leadership, however, and drastic responses might be forthcoming. Chiang K'ai-shek might choose not to stand for reelection when his presidential term ends in 1972. The Generalissimo resigned his position of leadership in somewhat analogous situations in 1927 and 1949. He could step aside and manage the transfer of power to his son while allowing someone else, probably Vice President C. K. Yen, to become President.

During the decade of the 1970's, barring unforeseen international events, it appears that the Nationalists will have to reach an accommodation with either the Taiwanese on the island or the Communists on the mainland. A settlement between the "two Chinas" appears unlikely as long as the old protagonists, Mao Tse-tung and Chiang K'ai-shek, are on the scene.

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**Mark A. Plummer** has made three extensive trips to Taiwan, in 1962, in 1965-1966, and in 1969 when he led the Illinois State University Taiwan Project. He is the author of "Chiang K'ai-shek and the National Assembly," in Sidney Brown (ed.) *Studies on Asia 1967* (Lincoln: University of Nebraska Press 1967).

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## BOOK REVIEWS

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### ON CHINA

CHINA AND RUSSIA: THE GREAT GAME. BY O. EDMUND CLUBB. (New York: Columbia University Press, 1971. 521 pages, notes, bibliography and index, \$12.95.)

"There is a natural tendency," writes O. Edmund Clubb in his introduction to this scholarly work, "to view Sino-Russian relations in the perspective of the past twenty years. . . ." In fact, however, the long history of Sino-Russian relations dates back to the 1600's, and the historical struggle between the Chinese and Russian empires should be understood and remembered by those attempting to find patterns or trends in twentieth century politics. The Russians and the Chinese have been struggling for dominance for more than three centuries, and the struggle continues today.

O. Edmund Clubb has attempted an ambitious task: to trace the "great game" of diplomacy between China and Russia in detail, from the Mongol imperium that threatened both Russia and China in the thirteenth century, to the present three-way confrontation between the United States, the Soviet Union, and the People's Republic of China. He believes that "if the imperial past is comprehended, the Communist present can be better understood." Necessarily, events before 1850 are treated in less detail; events after 1850 comprise 29 of the 36 chapters in this informative study.

The long historical background of the Sino-Soviet cold war of 1964-1965 is carefully delineated; the Cultural Revolution is evaluated; Sino-Soviet confrontation in the borderlands is discussed; and a concluding chapter offers insights into probable trends and patterns. ". . . the imperial struggle has changed vastly since the time, three centuries ago, when the three land powers of

China, Russia and Mongolia contended for power in inner Asia." Today, notes this specialist, China, the Soviet Union and the United States are competing as imperial states.

The United States is China's chief antagonist; ". . . so long as the American ring of steel is maintained in the West and South Pacific . . . there exists no logical working out of a sympathetic relationship between the United States and China." But the Soviet Union and China might logically enter into a new relationship after the death of Mao Tse-tung: ". . . with the advent of pragmatists to power in Peking, the Sino-Soviet alliance could, without any great difficulty, be made to operate in a fashion that would service some of China's basic needs, and would . . . preserve China as a buffer zone between Soviet Siberia and the American naval and air power in the West Pacific."

O. Edmund Clubb has had a distinguished career as an American diplomatic officer and as a lecturer. He brings experience as well as scholarship to this survey of Sino-Russian relationships and to his summary of their meaning for Americans.

O.E.S.

REVOLUTIONARY LEADERS OF MODERN CHINA. EDITED BY CHUN-TU HSUEH. (New York: Oxford University Press, 1971. 560 pages, notes, selected bibliography and index, \$4.95, paper.)

This interesting collection contains eight original articles and 12 articles that originally appeared elsewhere dealing with the top leaders of the three revolutions of modern China: the Taiping Rebellion, the Republican Revolution, and the Communist movement. The editor has been an associate of the Columbia University Seminar on Modern China since 1966.

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## CURRENT DOCUMENTS

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*On July 15, 1971, President Richard Nixon announced that he had accepted an invitation from Communist Chinese Premier Chou En-lai to visit the People's Republic of China before May, 1972. His visit will mark the first time that a United States President has visited mainland China since the Communists took control of that country. Initiatives to open the door to more normal relations with the People's Republic began earlier in 1971. On April 14, restrictions on trade and travel in China were somewhat relaxed. On June 10, controls on United States exports to the People's Republic were reduced. The texts of President Nixon's statement on July 15, and of the April 14 statement, and excerpts from the June 10 statement follow:*

### THE PRESIDENT'S VISIT TO CHINA

Good evening:

I have requested this television time tonight to announce a major development in our efforts to build a lasting peace in the world.

As I have pointed out on a number of occasions over the past three years, there can be no stable peace and enduring peace without the participation of the People's Republic of China and its 700 million people. That is why I have undertaken initiatives in several areas to open the door for more normal relations between our two countries.

In pursuance of that goal, I sent Dr. Kissinger, my Assistant for National Security Affairs, to Peking during his recent world tour for the purpose of having talks with Premier Chou En-lai.

The announcement I shall now read is being issued simultaneously in Peking and in the United States:

"Premier Chou En-lai and Dr. Henry Kissinger, President Nixon's Assistant for National Security Affairs, held talks in Peking from July 9 to 11, 1971. Knowing of President Nixon's expressed desire to visit the People's Republic of China, Premier Chou En-lai on behalf of the Government of the People's Republic of China has extended an invitation to President Nixon to visit China at an appropriate date before May, 1972.

"President Nixon has accepted the invitation with pleasure.

"The meeting between the leaders of China and the United States is to seek the normalization of relations between the two countries and also to exchange views on questions of concern to the two sides."

In anticipation of the inevitable speculation which will follow this announcement, I want to put our policy in the clearest possible context. Our

action in seeking a new relationship with the People's Republic of China will not be at the expense of our old friends.

It is not directed against any other nation. We seek friendly relations with all nations. Any nation can be our friend without being any other nation's enemy.

I have taken this action because of my profound conviction that all nations will gain from a reduction of tensions and a better relationship between the United States and the People's Republic of China.

It is in this spirit that I will undertake what I deeply hope will become a journey for peace, peace not just for our generation but for future generations on this earth we share together.

Thank you and good night.

### EASING TRADE AND TRAVEL RESTRICTIONS IN CHINA

In my second annual foreign policy report to the Congress on February 25, 1971, I wrote, "In the coming year, I will carefully examine what further steps we might take to create broader opportunities for contacts between the Chinese and American peoples, and how we might remove needless obstacles to the realization of these opportunities."

I asked the Under Secretaries Committee of the National Security Council to make appropriate recommendations to bring this about.

After reviewing the resulting study and recommendations, I decided on the following action: none of which requires new legislation or negotiations with the People's Republic of China:

—The United States is prepared to expedite visas for visitors or groups of visitors from the People's Republic of China to the United States.

—U.S. currency controls are to be relaxed to permit the use of dollars by the People's Republic of China.

—Restrictions are to be ended on American oil companies providing fuel to ships or aircraft proceeding to and from China except on Chinese-leased or Chinese-chartered carriers bound to or from North Viet-Nam, North Korea, or Cuba.

—U.S. vessels or aircraft may now carry Chinese cargoes between non-Chinese ports and U.S.-owned foreign flag carriers may call at Chinese ports.

—I have asked for a list of items of a non-strategic nature which can be placed under general license for direct export to the People's Republic of China. Following my review and approval of specific items on this list, direct imports of designated items from China will then also be authorized.

After due consideration of the results of these changes in our trade and travel restrictions, I will consider what additional steps might be taken.

Implementing regulations will be announced by the Department of State and other interested agencies.

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## BOOK REVIEWS

*(Continued from page 177)*

**THE POLITICAL ECONOMY OF COMMUNIST CHINA.** BY JAN S. PRYBYLA. (Scranton: International Textbook Company, 1970. 573 pages, appendices and index, \$10.95, cloth, \$6.95, paper.)

This comprehensive study describes and evaluates China's economy during two decades of communism, from the early days of reconstruction, 1949–1952, through the Cultural Revolution, telling "The story of Communist China's effort to subdue nature—that is, to adequately feed, clothe, house and keep in good health a population which increases by over 200 million every fifteen years—and to remold man into a collective being. . . ."

Economics, even such a scholarly and detailed analysis, can be made interesting. Those familiar with Jan Prybyla's writing in *Current History* will not be surprised at the clear and colorful style that characterizes this welcome study. O.E.S.

**READINGS IN MODERN CHINESE HISTORY.** EDITED BY IMMANUEL C. Y. HSU.

(New York: Oxford University Press, 1971. 701 pages, \$7.50, paper.)

This textbook is designed as the companion to *The Rise of Modern China*, and includes documents, sections of books and articles for a college audience. O.E.S.

**CHINA: MANAGEMENT OF A REVOLUTIONARY SOCIETY.** EDITED BY JOHN M. H. LINDBECK. (Seattle: University of Washington Press, 1971. 384 pages and index, \$12.50, cloth, \$4.95, paper.)

John Lindbeck was director of the East Asian Institute at Columbia University until his death early in 1971. The papers in this volume were written by nine scholars who took part in a Conference on Government in China in 1969. The papers are divided into four parts: Part I deals with problems of authority; Part II with the two upper tiers of national and provincial management; Part III with the strategies of China's leaders; Part IV deals with China's external and military problems. Highlighting Chinese political development during the era of the People's Republic, the articles represent sound scholarship.

**THE CITY IN COMMUNIST CHINA.** EDITED BY JOHN WILSON LEWIS. (Stanford, Calif.: Stanford University Press, 1971. 370 pages, notes and index, \$12.95.)

The first of three volumes on the Chinese city, this volume examines the city as it exists in Communist China; the other two volumes will study the city as it existed in late imperial China and during the days of the Republic. A collection of papers most of which were originally presented at a conference held under the joint auspices of the Social Science Research Council and the American Council of Learned Societies, the separate chapters deal with the problems of law and order, leadership and bureaucracy, modernization and China's urban crisis. As the preface points out, "It is a sad commentary on our times that none of the authors . . . has actually set foot in a city in Communist China." O.E.S.



## CHINA AND THE UNITED STATES

(Continued from page 134)

United States ground forces from Indochina, and that an American "security force" would remain to protect American "support troops."

Laird's statement gives added significance to President Nixon's repeated assertion that there will not be a complete United States withdrawal from Vietnam until the Saigon government has been given a "reasonable" chance of survival, and to Secretary of State Rogers' statement, in his news conference of mid-June, that in Indochina it was not a question of prisoners-of-war alone: "the United States . . . can't lose sight of our national purpose, and we can't absolutely abandon our national objectives to pay ransom." At the Vietnam peace talks in Paris, on July 1, the Hanoi delegation presented a new set of proposals, substantially meeting Washington's demand for satisfaction on the prisoner-of-war issue—but not unnaturally failing to guarantee the survival of the United States client regime in Saigon.

In his observations of July 19 to a visiting delegation of the (American) Committee of Concerned Asian Scholars, Chou En-lai voiced support for Hanoi's proposals, and suggested that American withdrawal from Southeast Asia should take precedence over the normalization of Sino-American relations. The painful choice is clear. If the United States is prepared at last to abandon its aim of assuring to the unviable Saigon regime what Washington calls a "reasonable" chance of survival, Peking might be agreeable to fitting in with procedures designed to satisfy the Indochinese revolutionaries (subject, Premier Chou would probably say, to the approval of China's "old friends"). Then the promised peace and American disengagement would become possible. But if the Laird scenario prevails, the war will go on.

In his news conference, Laird revealed the rationale of his military program. In the words of the reporter, "In formulating a

strategy of 'realistic deterrence,' the Secretary said, the United States must balance the fiscal and manpower realities that prevail at home against the 'strategic realities' of the Soviet Union and—into the nineteen-eighties—Communist China."<sup>22</sup> The significance of this for Sino-American relations is clear. And the hard fact is that there can be no "normalization" of those relations until the United States, in Asia, has become markedly less "imperialist" in Peking's eyes.

The period of greatest danger in Sino-American relations is thus not past, but probably still lies ahead. The substantive issues between Peking and Washington remain unresolved. Peking is rapidly gaining in the United Nations, and may win the China seat this year. But 1972 wears a more menacing aspect. Due to the reversion of Okinawa, United States ties with Peking's terra irreducta, Taiwan, may be knitted even closer than they are at present. Developments in the Indochina war will probably reach their most critical stage in 1972, when the United States with reduced manpower in the field, will confront a final choice. It will have to either abandon the Sisyphean task of maintaining the Saigon regime in power, or undertake a new military effort. The confrontation of "anti-imperialist" China and the "anti-Communist" United States continues with all its attendant dangers. After 22 years, an effective restoration of normal relations between the two nations, with the exchange of ambassadors and entry upon a friendly state-to-state relationship, still rests in the murky future.

And yet, our China policy was originally based upon a distorted image of China and of the "strategic realities." China's "anti-imperialist" posture is avowedly a manifestation of Maoism; but it is also in good measure defensive, evoked by United States policy and actions. The time is ripe for change. If the President's mission were to demonstrate a revised appreciation in Washington of Asian realities, his visit's contribution to peace would be far more important than the implementation of any plans for "realist deterrence."

<sup>22</sup> Terence Smith, *ibid.*, April 14, 1971.

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## SINO-SOVIET RELATIONS

*(Continued from page 141)*

ing on the state of the Sino-Soviet dispute re roughly the same. No improvement in arty-ideological relations is held to be in ght (Mao has said that the positions in this rea are "irreconcilable"),<sup>18</sup> but progress is laimed, and further progress is likely, in the iploomatic field. Peking boycotted the Soviet arty's twenty fourth congress (March–April, 971), although the other major Asian parties ent delegations to it.

## IVALRY IN THE THIRD WORLD

With respect to the difficult problem of olicies toward third countries, the general uation remains one of rivalry and even hos- lity. Peking has denounced the Soviet treaty ith West Germany and Moscow's role, or llegal role, in the Polish crisis of December, 970, and the Pakistani crisis of the spring of 971.

The Japanese and Rumanian Communist arties are apparently trying to promote a ino-Soviet compromise in the party-ideologi- al field. Such efforts have failed before, and ere appears to be little prospect of success ntil after a change of leadership in Peking r Moscow. Pending some such develop- ent, it seems reasonable to expect further iecemeal improvement of diplomatic rela- ons, probably not including a full-fledged order agreement. After Mao's death—but ot necessarily immediately afterward—a bor- er agreement and a deescalation of the party- eological dispute may be possible.

But, as always, the future holds a wide nge of possibilities. Moscow might decide o resume direct military pressures on a pos- bly divided and uncertain post-Maoist Chi- ese leadership. On the whole, the most robable outlook is for a continuation of "con- olled conflict."<sup>19</sup>

<sup>18</sup> Cf. Edgar Snow, "A Conversation with Mao se-tung," *Life*, April 30, 1971, p. 47.

<sup>19</sup> Cf. Richard Lowenthal, "Russia and China: ontrolled Conflict," *Foreign Affairs*, vol. 49, no. (April, 1971), pp. 507–518.

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## FOREIGN AID: THE CHINESE ARE COMING

*(Continued from page 147)*

Africa (Zambia, Tanzania). There has been less talk about "excellent revolutionary situa- tions" and the "Chinese road to socialism."

As of now and, barring further outbursts of left-revolutionary fervor on the mainland of China, the principal aim of China's foreign aid ventures seems to be to establish a pres- ence and remind the third world of China's resolve to be counted among the major pow- ers. Despite many facets of Chinese aid which may cause legitimate anxiety in the West and the U.S.S.R., the aid can also be viewed as supplementing the contributions to economic development of the industrialized countries, and in some instances extending those contributions beyond the limits consid- ered to be viable by Western and even Soviet yardsticks of economic rationality.

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## CHINESE INDUSTRY

*(Continued from page 159)*

tralized to make each locality self-contained. Many official reports reveal keen competition between large and small plants for essential materials. Local enterprises with an eye on their own requirements have tended to with- hold raw materials which should be channeled into the big plants in the industrial centers. The old evil of "departmentalism" has risen quickly and has resulted in a lack of ma- terials for the big modern plants. The prin- ciple of self-sufficiency has thus created its own dilemma.

The large-scale expansion of small local plants has also created high costs and low pro- ductivity. Decentralization makes sense only if each area uses its special local advantages in producing goods. Regional self-sufficiency entails high costs for the nation as a whole when it prevents the large-scale industriāl centers from enjoying the benefits of mass production. The policy which dogmatically

encourages each province to produce a few hundred trucks encourages great waste because of the small scale of operation, primitive techniques and the lack of externalities.

While the short-term prospects of industrial development may seem bright, the long-term prospects of overall industrial growth appear to be limited by the following important conditions:

(1) As long as Communist China continues the current program of nuclear build-up and foreign aid, capital investment for civilian industry will be limited. The country spends over \$1 billion yearly for nuclear weapons and an equal amount for foreign aid,<sup>39</sup> both of which constitute a serious drain on the scarce capital needed for industrial expansion.

(2) Because of the anti-economism of the Cultural Revolution, many factories have deliberately abolished cost-accounting systems and have avoided using profit as a success indicator. When profits are rejected as a measure of efficiency, it is hard to see how rational decisions can be made about investment allocation. This will inevitably result in high costs and inefficiency.

(3) The prevailing current theme of self-reliance and the concomitant downgrading of foreign technology and experience also impede the introduction of advanced technology from abroad. Thus, the country deprives itself of one of the most important factors contributing to economic growth recognized by economists as a ready-made asset to newly industrialized nations.

<sup>39</sup> According to an economic survey conducted by the Foreign Ministry of Japan, China's economic aid commitments to Rumania and seven other countries alone reached \$972,500,000 in 1970. (Foreign Broadcast Information Service, March 1, 1971, p. B.1.)

## AFTERMATH OF THE CULTURAL REVOLUTION

*(Continued from page 170)*

accept even Mao's authority and will they obediently participate in the evolving, more pragmatic policies, policies for which they repudiated Liu Shao-ch'i?

In the aftermath of the Cultural Revolution, China is in a period of uncertain transition. The future is difficult to plot. It is clear that the China that has emerged from the Cultural Revolution is different from the China that existed before. There is greater decentralization and dispersion of the military throughout the administrative system. Mao has purged his major opponents. But has he also infused China with a renewed revolutionary spirit and dynamism or has he unleashed forces that might inhibit this spirit? It is possible that Mao's Cultural Revolution may produce a greater threat to his vision than the threat he set out to eliminate.

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## CURRENT DOCUMENTS

*(Continued from page 179)*

### REDUCING CONTROLS ON TRADE WITH CHINA

President Nixon announced on June 10 the first broad steps in the termination of U.S. controls on a large list of nonstrategic U.S. exports to the People's Republic of China. In the future, a range of U.S. products listed on the attached sheet may be freely sold to China under open general export licenses without the need to obtain Department of Commerce permission for each specific transaction.

The items to be released from trade controls have been recommended by the NSC [National Security Council] Under Secretaries Committee chaired by the Department of State. They include: meat, farm, fish, and forestry products; tobacco; fertilizers; coal; selected chemicals; rubber; textile; certain metals; agricultural, industrial, and office equipment; household appliances; electrical apparatus in general industrial or commercial use; certain electronic and communications equipment; certain automotive equipment and consumer goods.

The President has also decided to terminate the need to obtain Department of Commerce permission for the export of wheat, flour, and other grain to China, Eastern Europe, and the Soviet Union, suspending the 50 per cent U.S. shipping requirement for these items.

Items not on the open general license list may be considered for specific licensing consistent with the requirements of U.S. national security.

The President has also decided to permit imports to enter from China under a general license, while retaining standby authority for future controls if necessary. Imports from the People's Republic of China will be subject to the tariff rate generally applicable to goods from most Communist countries.

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# THE MONTH IN REVIEW

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*A CURRENT HISTORY chronology covering the most important events of July, 1971, to provide a day-by-day summary of world affairs.*

## INTERNATIONAL

### Benelux

July 14—In Brussels, the U.S.S.R. signs a trade treaty with Belgium, the Netherlands and Luxembourg.

### Berlin Crisis

July 23—West German Chancellor Willy Brandt, at a news conference, declares that the Big Four powers may be able to reach agreement on a Berlin settlement by autumn.

### Council for Mutual Economic Assistance (Comecon)

July 30—It is reported by Czechoslovak sources that at a recent 3-day meeting in Bucharest, the Premiers and economic ministers of the Comecon member states agreed on a plan to promote economic integration in East Europe; one provision of the plan is for a convertible currency.

### Disarmament

July 8—In Helsinki, the 5th round in the talks on the limitation of strategic arms between the U.S. and the U.S.S.R. start.

### European Economic Community Common Market)

(See *United Kingdom*)

### Middle East

(See also *Israel; Jordan*)

July 4—A communiqué issued at the conclusion of a 5-day visit by U.A.R. Foreign Minister Mahmoud Riad to Moscow affirms the U.S.S.R. and U.A.R. position

that the Suez Canal can be opened only if Israel agrees to withdraw all of her forces from occupied Arab territory.

July 5—Donald Bergus, chief U.S. representative in Cairo, and Michael Sterner, the U.S. State Department's country director for the U.A.R., arrive in Cairo for talks aimed at breaking the deadlock on the reopening of the Suez Canal.

July 7—Two persons are killed in Petah Tiqvah, Israel, by Arab terrorist rocket attacks.

July 11—According to *The New York Times*, in recent months the U.S.S.R. has sharply increased its shipments of jet warplanes and troop-carrying helicopters to the U.A.R. and Syria.

July 23—In an address to the Arab Socialist Union (the U.A.R.'s only political organization), U.A.R. President Anwar el-Sadat says that he will go to war against Israel if no agreement on Israeli withdrawal from Arab territories is reached before the end of 1971.

July 26—The national congress of the Arab Socialist Union grants Sadat "full powers" to take whatever action against Israel he deems necessary to recover Arab territories occupied since the 1967 war.

July 28—Joseph Sisco, the U.S. Assistant Secretary of State for Near Eastern and South Asian Affairs, arrives in Israel to discuss negotiations for reopening the Suez Canal.

### United Nations

(See also *Pakistan*)

July 31—It is reported that Pakistan and the U.N. have agreed to station an international group of 153 civilian relief and rehabilitation experts (under U.N. sponsor-

ship) in predominantly Bengali East Pakistan. The U.S. will contribute \$1 million to help finance the project.

## War in Indochina

(See also *China; U.S., Foreign Policy*)

July 1—David K. E. Bruce, the chief U.S. delegate to the Paris peace talks, says the 7-point peace proposal advanced today by Mrs. Nguyen Thi Binh, the head of the Vietcong delegation, will be studied. The proposal, which is supported by the North Vietnamese delegation, calls for the withdrawal of all U.S. troops within 6 months and the simultaneous release of all prisoners of war. The removal of the present South Vietnamese government is also demanded.

July 4—Henry Kissinger, U.S. President Richard Nixon's adviser on national security, confers with South Vietnamese President Nguyen Van Thieu and U.S. Ambassador to South Vietnam Ellsworth Bunker.

July 6—During an interview in Paris, Le Duc Tho, a member of the North Vietnamese Politburo, says that the proposal for the release of war prisoners is not dependent on a political settlement in South Vietnam.

July 7—U.S. and Laotian officials decline to comment on reports that a secret operation involving Laotian commando raiders and led by employees of the U.S. Central Intelligence Agency is under way in the Plaine des Jarres in northern Laos.

July 9—U.S. officials, for the first time acknowledging the drive, report that Laotian commandos, backed by the U.S., are in control of two-thirds of the Plaine des Jarres.

July 12—It is reported that U.S. military strength in South Vietnam dropped by 3,100 men last week to a 5-year low of 236,300 men.

July 13—The Laotian Defense Ministry announces that Meo tribesmen have extended Laotian government control over the entire Plaine des Jarres.

July 15—At a session of the Paris peace talks, Bruce says that the latest Communist pro-

posal leaves their objectives unchanged and sets "harsh" conditions.

## AUSTRALIA

(See *China*)

## AUSTRIA

(See *Italy*)

## BULGARIA

July 7—The First Secretary of the Communist party, Tudor Zhivkov, resigns as Premier and is elected as President; Stanko Todor is elected Premier.

## CANADA

July 14—Robert Stanfield, leader of the opposition Progressive Conservative party announces that he has received an official invitation to visit China.

July 19—Alcan Aluminium, Ltd., announce the sale of 5,500 tons of primary aluminium ingot to China.

## CHILE

July 11—In a televised address, President Salvador Allende Gossens attacks the management of U.S.-owned copper mines in Chile. The Congress, in a joint session passes a constitutional reform that will permit Allende to nationalize 3 U.S. copper companies, Kennecott, Anaconda and the Cerro Corporation.

## CHINA, PEOPLE'S REPUBLIC OF (Communist)

(See also *Canada; U.S., Foreign Policy*)

July 14—At the conclusion of a 12-day visit to China, Gough Whitlam, leader of the opposition Labor party in Australia, says that Chinese Premier Chou En-lai has expressed interest in taking part in a new Geneva conference on Indochina. The Australian government transmits the message to the U.S. government.

July 15—U.S. President Richard Nixon announces that he will visit Peking before May, 1972.

July 18—At a meeting with a French parliamentary delegation, Premier Chou En-lai



says that talks are under way with Britain on the possibility of raising Chinese-British diplomatic relations to the ambassadorial level.

July 20—Remarks by Premier Chou to a group of U.S. graduate students are made public; he is reported to have said that complete withdrawal of U.S. troops from Indochina must take precedence over moves to improve U.S.-Chinese relations.

## CHINA, REPUBLIC OF (Nationalist)

July 25—During a television broadcast in the U.S., the Chinese Nationalist Ambassador to the U.S., James C. H. Shen, says that his country will not share a seat in the U.N. with Communist China; he says that the Taiwan-based government acts as the sole legitimate representative of all China.

## CUBA

July 20—Havana radio reports that the total Cuban sugar harvest for 1971 amounted to over 5.92 million tons; this is about a million tons short of the goal set by Premier Fidel Castro in December.

## FRANCE

July 17—The Constitutional Council declares unconstitutional a recent law restricting the right of free association.

## GERMANY, FEDERAL REPUBLIC OF (West)

July 5—French President Georges Pompidou and Chancellor Willy Brandt begin a new round of regular consultations.

Former Chancellor Kurt Kiesinger declares that he is stepping down as chairman of the Christian Democratic Union, the principal opposition party.

## ICELAND

July 13—Olafur Johannesson of the Progressive party becomes Premier of the left-wing coalition government formed today. The government consists of the agrarian

Progressive party, the Communist-led Labor Alliance and the small Leftist and Liberal Union parties.

July 14—A government announcement says that the defense agreement with the U.S. will be renegotiated with a view to closing the NATO base at Keflavik.

## INDIA

(See *Pakistan*)

## INDONESIA

July 5—Although complete results of yesterday's legislative elections (the first national elections since 1955) will not be known until August, preliminary reports indicate that the government-backed organization, Sekber Golkar, has received more than 50 per cent of the vote.

## IRAN

July 13—Interior Minister Hassan Zahedi announces the results of the July 10 election; the ruling party, Iran Novin, won 230 seats in the lower house and 28 seats in the upper house; the opposition Mardum party won 2 seats in the Senate and 37 seats in the lower house.

## ISRAEL

(See also *Intl, Middle East*)

July 1—Richard Helms, director of the U.S. Central Intelligence Agency, concludes a 3-day visit to Israel during which he conferred with Premier Golda Meir and other Israeli officials.

The head of the military government department of the Ministry of Defense announces that beginning tomorrow Arab residents of the Israeli-occupied west bank area of Jordan will be able to cross the former Israeli-Jordanian armistice lines into Israel without permits.

## ITALY

July 3—The government announces a series of measures to stimulate national productivity and to increase investment; large

amounts of state funds will be put into the economy.

July 17—Italy and Austria sign a treaty under which future disagreements over Alto Adige (South Tyrol) will be referred to the International Court of Justice at the Hague.

## JAPAN

July 1—Some 60,000 doctors withdraw from 5 of the 6 national health insurance plans; the president of the Japan Medical Association says that he will deal only with Premier Eisaku Sato.

July 5—Premier Sato appoints a new Cabinet to replace the one which resigned on July 2.

July 10—A spokesman for the Japanese Defense Agency says that visiting U.S. Secretary of Defense Melvin Laird, in a meeting with Keikichi Masuhara, the new head of the Japanese Defense Agency, promised to help the Japanese update their military equipment.

July 21—Premier Sato, responding to criticism within Japan, says that he will go to China to discuss improving relations "when I decide conditions permit." Sato criticizes U.S. President Richard Nixon for abruptly notifying Japan of his plans for visiting Communist China.

## JORDAN

(See also *Saudi Arabia*)

July 13—Arab commando spokesmen in Lebanon say that Jordanian tanks and artillery have begun an all-out offensive on Arab guerrilla positions in Jordan.

July 14—A government communiqué says that Jordanian army units, provoked by commandos, were forced to take action in the northern hills to drive the commandos out.

July 17—At a news conference, King Hussein says that he will support Arab commandos in their fight against Israel, but he claims that the army's crackdown on the guerrillas was necessary and successful.

July 18—A commando spokesman reports that Palestinian guerrillas have been forced

to cross the Jordan River into Israeli-occupied territory to escape from the Jordanian army.

July 19—At a news conference, Premier Wasfi Tal declares that Jordanian troops have rounded up 2,300 commandos in the past week; he says that only 200 guerrillas remain at liberty in Jordan.

July 20—The Damascus radio charges that yesterday Jordanian artillery shelled a Syrian town and settlements near the border.

July 21—A government spokesman reports that the government has released 2,000 Arab commandos; several hundred of those released left for Iraq and Syria; the remainder, who have agreed to lay down their arms and return to civilian life, will remain in Jordan.

July 22—Jordanian officials report attacks by Syrian-based Arab commandos on 4 villages in northern Jordan.

July 30—In Tripoli, Libya, a conference attended by 5 Arab heads of state and Yasir Arafat (head of the Palestine Liberation Organization—a commando group) ends after a 1-day discussion of ways to handle the Jordanian government's suppression of Arab commandos based in Jordan.

## KOREA, REPUBLIC OF (South)

July 1—U.S. Vice President Spiro Agnew attends ceremonies at which President Chung Hee Park is sworn in for his 3d term as chief of state.

July 9—Ho Chu-jo is seated at a meeting of the Korean Military Armistice Commission; he is the first Chinese delegate to the Commission in 5 years.

Assistant Commerce and Industry Minister Ui-Hwan Shim announces that U.S. and Korean negotiators have agreed to resume the deadlocked textiles talks.

July 12—U.S. Secretary of Defense Melvin Laird and South Korean Defense Minister Jung Nae Hiuk attend the opening session of a 2-day consultative meeting on security

## **LAOS**

(See *Intl, War in Indochina*)

## **LIBERIA**

ly 23—President William V. S. Tubman dies in London; Vice President William R. Tolbert is sworn in.

## **LIBYA**

(See *Jordan; Sudan*)

## **MALAWI**

ly 25—President H. Kamuzu Banda announces the appointment of Joe Kachingwe as ambassador to South Africa; Kachingwe will be the first black African ambassador to South Africa.

## **MALTA**

(See *United Kingdom*)

## **MOROCCO**

(See also *U.A.R.*)

ly 10—In a telephone interview, King Hassan II charges that Libya incited today's attempted assassination and coup d'état by 1,400 Moroccan army troops; the King declares that the rest of the army remained loyal to him.

ly 11—King Hassan, in an interview, says that the officers responsible for the attempted coup d'état will be executed. Unofficial estimates indicate that 50 persons including Belgian Ambassador Marcel Duprat were killed in yesterday's attack on the summer palace; 150 rebels were killed by loyalist troops in Rabat.

ly 13—Ten high-ranking army officers who took part in the attempted coup d'état are executed.

ly 17—Four of the 1,400 cadets who took part in the attempted coup declare that the cadets were duped into taking part in the incident; they believed they were fighting enemies of the King.

ly 24—U.S. Vice President Agnew arrives

from Spain and is entertained by King Hassan.

## **NETHERLANDS, THE**

July 6—The new 5-party coalition Cabinet of Premier Barend Biesheuvel is sworn in by Queen Juliana.

## **PAKISTAN**

(See also *Intl, U.N.*)

July 3—India's High Commissioner in Islamabad is summoned to the Foreign Office where he receives a note from the Pakistani government protesting an alleged attack by the Indian Air Force on a village in East Pakistan.

July 12—According to *The New York Times*, a report of a special mission of the International Bank for Reconstruction and Development says that East Pakistan has been so ravaged by West Pakistan's military crackdown on the Bengali separatist movement that development work must be delayed for at least a year; massive shipments of food are recommended.

## **POLAND**

July 1—Poland signs a 10-year agreement with British Petroleum, Ltd., calling for the shipment of 3 million tons of crude oil a year for processing at a refinery to be built in Gdansk.

July 17—It is reported than on July 29 a sharp reduction in tariffs on food products and other consumer goods will go into effect.

## **PORTUGAL**

July 26—Continuing his 10-nation tour, U.S. Vice President Agnew confers with Premier Marcello Caetano and meets President Américo Thomaz.

## **SAUDI ARABIA**

July 9—U.S. Vice President Agnew concludes 2 days of talks with Saudi Arabian leaders including King Faisal. It is reported that he assured them of President Richard

Nixon's neutrality on the Middle East.

July 22—It is reported that Saudi Arabia is extending support to King Hussein of Jordan in his conflict with Arab commandos.

July 25—King Hussein arrives in Saudi Arabia for consultations with King Faisal.

## SOUTH AFRICA

(See *Malawi*)

## SOUTHERN YEMEN

July 20—Premier Mohammed Noman resigns.

## SPAIN

July 16—Generalissimo Francisco Franco publishes a decree which would make it possible for Prince Juan Carlos de Borbón, King-designate of Spain, to take over if Franco were ill.

## SUDAN

July 20—It is reported that Major General Gaafar al-Nimeiry, the Sudanese Premier, was ousted last night by a group of officers headed by Major Hashem al-Ata, who has been described as a Communist.

The officers who deposed Nimeiry announce the formation of a 7-member command council; Lieutenant Colonel Babakr al-Nur Osman is chairman and Major Ata is deputy chairman.

July 22—En route from London to the Sudan, a British airliner carrying 2 rebel leaders, Lieutenant Colonel al-Nur Osman (who was to head the new revolutionary government) and Major Farouk Osman Hamadallah, is ordered by Libya to land at Benghazi; the 2 Sudanese are taken into custody by the Libyan government.

Nimeiry is returned to power by loyal officers and troops staging a counter coup.

July 23—The Sudanese radio reports that 4 of the officers who ousted Nimeiry on July 19 have been executed; among those executed is Major al-Ata.

July 25—Major Farouk Osman Hamadallah

is executed; Hamadallah and al-Nur Osman were delivered to Sudanese authorities by Libya.

July 26—Officials report the execution of al-Nur Osman.

July 27—The official Omdurman radio says that Mohammed Abdel Khalek Mahgoub, the leader of the Sudanese Communist party, has been sentenced to death for his part in last week's coup d'état.

## SYRIA

(See also *Jordan*)

July 6—The Damascus radio announces that Syria has reached an agreement with the Western-owned Iraq Petroleum Company under the terms of which Syria will receive an increase of more than 50 per cent payments for permitting the company to pipe oil across Syrian soil.

## U.S.S.R.

July 1—An article in *Pravda* (the Communist party paper) marking the 50th anniversary of the founding of the Chinese Communist party, stresses the need for restoring and developing cooperation and friendship between the 2 Communist countries.

July 20—A letter from Foreign Minister Andrei Gromyko to U.N. Secretary General U Thant is made public; the letter expresses Soviet opposition to an international conference on Indochina and calls for the seating of Communist China in the U.N. and the expulsion of Taiwan.

July 21—The Soviet press reprints an article (originally published in Bulgaria) asserting that President Nixon's proposed visit to China is the result of anti-Soviet maneuvering by the U.S. and China.

July 23—*Izvestia*, the government newspaper, publishes statistics which reveal that the industrial sector grew by 8.5 per cent in the first 6 months of 1971 over the comparable period for 1970; the planned rate for 1971 was 6.9 per cent.

July 25—*Pravda* publishes an article expressing Soviet approval of better relations between the U.S. and China but warning that

2 powers against forming an anti-Soviet alliance.

## U.A.R.

(See also *Intl, Middle East*)

ly 17—A communiqué issued at the end of a 3-day meeting attended by U.A.R. President Anwar el-Sadat, President Muammar el-Qaddafi of Libya and delegations from Syria and the Sudan condemns what is described as repression in Morocco following last week's uprising.

## UNITED KINGDOM

### reat Britain

ly 3—Announcement is made from Buckingham Palace of the appointment of Sir Anthony Mamo as the new Governor General of Malta; he will replace Sir Maurice Dorman.

In the House of Commons, Agriculture Minister James Prior reports that food prices have risen 10.4 per cent in the first 11 months under the present Conservative government.

ly 17—Harold Wilson, leader of the opposition Labor party, attacks the terms negotiated by the Conservative government for British entry into the Common Market.

ly 19—Anthony Barber, Chancellor of the Exchequer, announces tax cuts amounting to \$564 million a year; he increases investment incentives and eliminates consumer credit controls. Barber calls for voluntary restraints on prices and incomes by industry and labor.

ly 28—The national executive body of the Labor party, in a 16-to-6 vote, supports former Prime Minister Harold Wilson in his opposition to British entry into the Common Market on the terms negotiated by the Conservative government led by Prime Minister Edward Heath.

### orthern Ireland

ly 12—A British soldier is killed by sniper fire in a Roman Catholic section of Belfast.

ly 16—The 6 members of the principal

opposition group in the Northern Ireland Parliament, the Social Democratic and Labor party, announce that they will boycott the legislature and form an alternative assembly; the withdrawal brings to 12 the number of opposition members who plan to boycott Parliament.

## British Protected States

### Trucial States

July 2—The 16-man Cabinet appointed yesterday is sworn in; the Cabinet is the first in the history of Abu Dhabi.

July 18—The emirs of 6 of the 7 Trucial States announce an agreement to form a federation before the British leave the area at the end of 1971. The 6 are Abu Dhabi, Dubai, Sharja, Ajman, Umm al Quiwain and Fujaira.

## UNITED STATES

### Agriculture

July 17—The Agriculture Department announces plans to send 2.6 million doses of vaccine to Texas and surrounding states to help combat an outbreak of Venezuelan equine encephalomyelitis; Secretary of Agriculture Clifford Hardin also announces plans for a mosquito-spraying campaign in the area.

### Civil Rights

(See also *U.S., Military*)

July 4—According to *The New York Times*, the District of Columbia Human Relations Commission has released a report which claims that more than half of the 10,000 people arrested in Washington during the May Day demonstrations did not violate any law.

July 5—Bishop Stephen Spottswood, chairman of the board of the N.A.A.C.P., at the opening session of the organization's annual convention in Minneapolis, softens the stand he took a year ago on the record of the Nixon administration on civil rights; he expresses some cautious optimism.

July 10—At a military luncheon attended by



Negro officers, Nathaniel Jones, general counsel for the N.A.A.C.P., announces that the organization will soon charter its first branch in West Germany; and that officials of the organization will investigate racial conditions at U.S. military installations in Southeast Asia, Japan, Korea and the continental U.S.

July 22—The Congressional Black Caucus, composed of 13 Democrats in the House of Representatives, asks President Nixon to send federal examiners to check the recent re-registration of voters in 26 counties in Mississippi.

A 3-judge federal court warns the Alabama Legislature to be prepared to reapportion and hold special midterm elections in 1972 to remedy legislative imbalance.

## Economy

July 2—The Labor Department reports that the unemployment rate for June dropped to 5.6 per cent; the rate for May was 6.2 per cent. Part of the decrease is reported to be caused by statistical aberrations.

July 16—It is reported that the Gross National Product rose in the 2d quarter of 1971 at an annual rate of 3.6 per cent (after allowing for the effects of inflation).

July 23—The Labor Department announces an increase for June in the Consumer Price Index, after seasonal adjustment, of 0.5 per cent.

July 28—In a joint statement, Secretary of the Treasury John B. Connally and Director of the Office of Management and Budget George P. Shultz discuss the national budget deficit for fiscal 1971 of \$23.2 billion (the 2d largest deficit since 1945).

## Foreign Policy

(See also *China; Japan*)

July 6—Secretary of State William Rogers announces a reorganization of the State Department's structure and practices.

July 8—According to *The New York Times*, an analysis of the new Vietcong peace proposal by the Central Intelligence Agency warns that the proposal is intended to em-

barrass the U.S. and to encourage the opponents of South Vietnamese President Nguyen Van Thieu.

July 9—Senator William Proxmire (I Wis.), with the reluctant approval of the State and Defense Departments, will make public a country-by-country listing of military aid for the fiscal year that began July 1. The total aid for all 49 countries is \$2.35 billion; 43 of the countries will receive \$1.8 billion; the figures for 6 Middle East countries are not revealed.

July 15—In a nationwide radio and television address, President Nixon announces that he will visit Communist China sometime before May, 1972, at the invitation of Chinese Premier Chou En-lai. Arrangements for the "journey for peace" (simultaneously announced in Peking) were made by Henry Kissinger, the President's adviser on national security, who secretly visited Peking from July 9 to July 11. Nixon declares that he will try to normalize Sino-American relations, deadlocked for the past 21 years.

July 21—In a message to the Senate, President Nixon calls for the ratification of a treaty to bar the installation of nuclear weapons on the ocean floor.

July 23—Senator Stuart Symington (Mo.) reveals that the U.S. intends to permit the shipment of about \$15 million worth of arms to Pakistan despite a supposed embargo on arms shipments since the outbreak of the civil war in Pakistan in March.

July 28—Administration officials report that the U.S. has suspended flights over China by manned SR-71 spy planes and unmanned reconnaissance planes; reconnaissance satellite missions will continue.

Vice President Spiro Agnew is welcomed by President Nixon as he returns from a 10-nation diplomatic tour during which he visited South Korea, Singapore, Kuwait, Ethiopia, Saudi Arabia, Kenya, the Congo (Kinshasa), Spain, Morocco and Portugal.

President Nixon announced the appointment of William J. Porter to succeed David K. E. Bruce as chief U.S. delegate to Paris peace talks; Philip C. Habib, dep-

chief negotiator at the peace talks, will become ambassador to South Korea, succeeding Porter.

## Government

July 1—The semi-independent United States Postal Service goes into effect.

Attorney General John Mitchell says that the Justice Department is continuing to investigate the disclosure of classified Pentagon documents; anyone who has broken the law will be prosecuted. (See also *Current History*, August, 1971, p. 127.)

July 6—The President signs legislation which temporarily increases annuities under the Railroad Retirement Act by 10 per cent.

It is announced that on August 1, the Department of Housing and Urban Development will sell crime insurance in 11 states and the District of Columbia, because private insurance is not available at reasonable rates.

July 11—President Nixon signs a \$5.15-billion education appropriation bill; the bill appropriates \$375 million more than the President requested.

*The New York Times* reports that a Senate resolution passed on June 25 contained a provision for continuing the funding of Radio Free Europe and Radio Liberty at an amount equal to what they received from the C.I.A. in fiscal 1971. The resolution, which appropriates funds until regular appropriation bills are cleared, indicates publicly for the first time that the stations are government financed.

July 12—The President signs the Emergency Employment Act of 1971; the measure, which will cost about \$2.25 billion in the next 2 years, is expected to provide 150,000 public service jobs. Under the bill, state and local governments may apply for job funds in fields such as health care, environment, education, public safety, recreation, transportation and housing.

July 14—In a 57-to-36 vote, 5 short of the required two-thirds, the Senate fails to override the presidential veto of a \$5.6-billion economic development bill which

contained a provision for public works projects.

July 21—Glenn Seaborg resigns as chairman of the Atomic Energy Commission; an assistant director of the White House Office of Management and Budget, James Schlesinger, is nominated by the President for the post.

July 28—The Senate Foreign Relations Committee votes (15-0) to invoke a provision of the 1961 Foreign Assistance Act that will suspend all foreign military aid unless the Defense Department supplies documents on its 5-year plans for the military assistance program within 35 days.

## Labor

July 5—President of the United Automobile Workers Leonard Woodcock announces that the union, because of financial difficulties, will suspend until next spring monthly payments to the Alliance for Labor Action, a joint venture of the U.A.W. and the Teamsters to organize the poor and to involve labor in community action programs. The Teamsters will also suspend payments.

July 6—At a White House meeting, President Nixon calls in representatives of major steel companies and the United Steelworkers to reach a "constructive" contract settlement. The contract between the union and the steel companies will expire on August 1.

Secretary of Labor James Hodgson, addressing a convention of the International Brotherhood of Teamsters, lauds the union. President Nixon sends a letter of praise to the union president.

July 14—The Communications Workers of America begin a nationwide strike against the Bell System; telephone service continues as supervisory personnel man automated equipment.

July 15—The bankrupt Central Railroad of New Jersey and the unions representing the railroad's employees agree to scrap old work rules in an effort to save the railroad. Work rule changes must be approved by the union membership.

July 19—The leaders of the Communications Workers of America and the Bell System announce agreement on a new contract; leaders of state locals in New York reject the settlement.

July 20—The first collective bargaining agreement in the history of the post office is signed by the United States Postal Service and the 7 postal unions covering more than 650,000 workers.

July 21—90,000 telephone workers across the country continue their strike against the Bell System despite back-to-work orders by national union leaders; the remainder of the men have returned to work.

July 22—The United Transportation Union and the Chicago & North Western Railway reach a contract agreement, which includes wage increases of 42 per cent over a 42-month period and some of the work rule changes which had been sought by the railroad.

July 30—Railway officials and leaders of the United Transportation Union are called to the White House, where President Nixon urges them to reach a contract settlement because of the serious impact of the strike on the economy. The union has struck 10 carriers, including 5 major railway lines.

## Military

July 14—Captain Thomas Culver, who was found guilty yesterday of taking part in an antiwar protest by a U.S. Air Force court-martial in Lakenheath, England, is reprimanded and fined \$1,000.

July 20—A Selective Service System announcement says that the next draft lottery will be held on August 5; no one is being drafted at the present time because of the failure of Congress to enact an extension of the draft law. The law expired on June 30, 1971.

July 27—Frank W. Render 2d, Deputy Assistant Secretary of Defense, says that 10 to 12 military officers have been relieved of command, transferred or reprimanded for failure to enforce regulations aimed at improving race relations in the armed services.

## Politics

July 10—More than 200 women meet in Washington, D.C., to form a National Women's Political Caucus. The aim of the group is to put more women in positions of real political power.

July 23—The Republican National Committee votes to hold its 1972 presidential convention in San Diego, California, beginning August 21, 1972.

## Science and Space

July 30—Two American astronauts, part of the 3-man Apollo 15 mission, successfully land on the moon, becoming the 4th pair of astronauts to do so.

July 31—The astronauts explore the lunar surface in a 4-wheel electric car, the Rover 1.

## VIETNAM, REPUBLIC OF (South)

(See also *Intl, War in Indochina*)

July 5—Henry Kissinger, U.S. President Nixon's national security affairs adviser concludes a 3-day visit during which he met with President Nguyen Van Thieu and Vice President Nguyen Cao Ky.

July 24—Thieu formally announces that he is a candidate for a 2d four-year term as President and names Tran Van Huong, former Premier, as his vice presidential running mate.

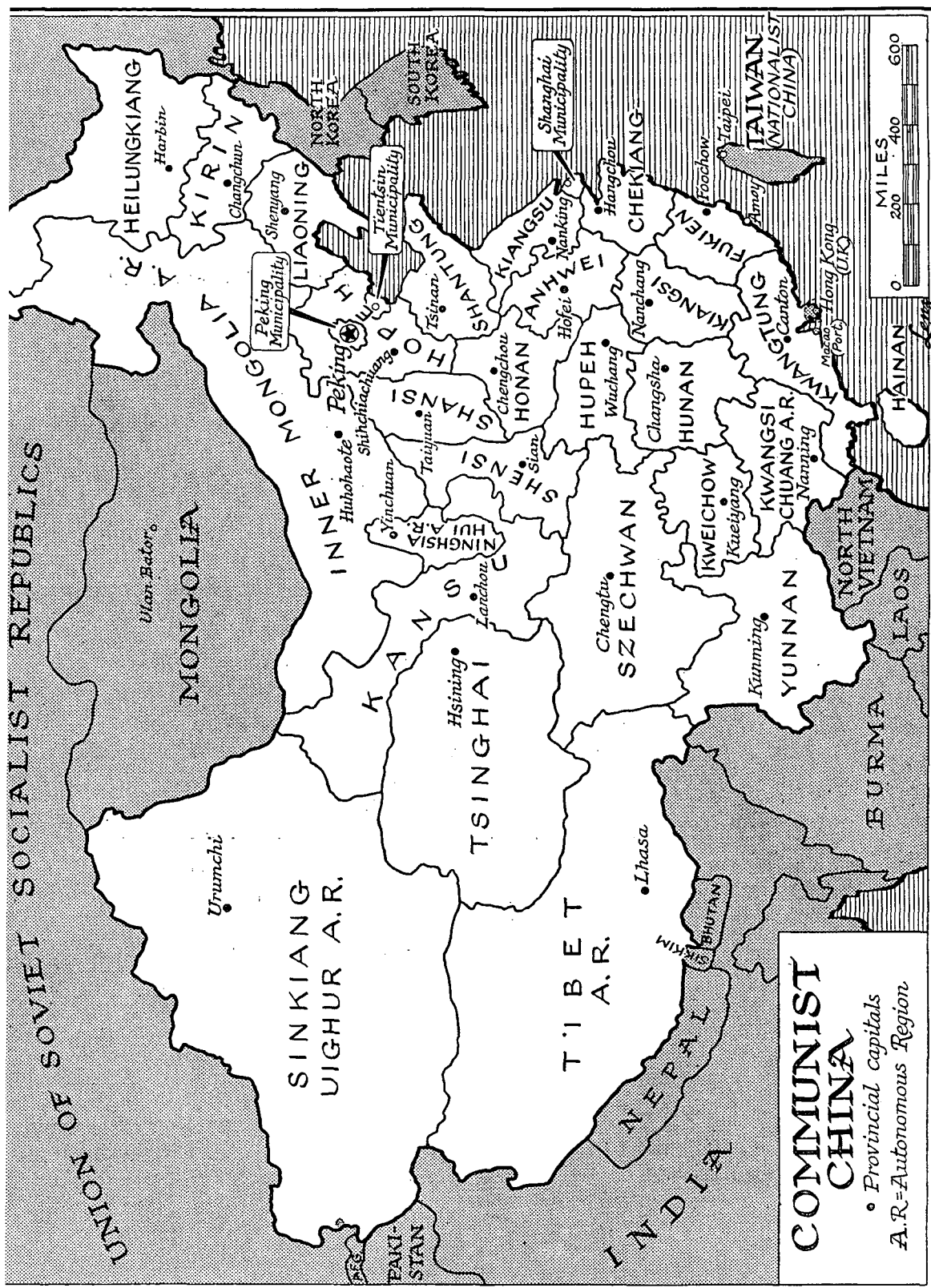
## YUGOSLAVIA

July 29—President Tito is unanimously re-elected to a 5-year presidential term by the parliament.

July 30—Dzemal Bijedic is sworn in as the new Premier.

## ZAMBIA

July 10—The government, faced with problems of foreign exchange and feeding the Zambian people, announces the ordering of 1.5 million bags of corn from Rhodesia this is a direct breach of U.N. sanction against Rhodesia.





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